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ABSTRACT

An act of the Hawaii legislature directed the State Auditor to study three areas of Hawaii's public education: inventory add-on programs or programs that compete with the core curriculum for instructional time, review Chapter 37, HRS, on budgeting; and review Chapter 26, HRS, as it applies to repair and maintenance (R&M) of school buildings. The Auditor was to determine whether the two chapters promote decision making at the school level. Findings indicate that the Board of Education policies and Department of Education documents do not clearly define the statewide curriculum and core programs. Neither core nor add-on programs, however defined, have been evaluated for meeting any statewide standard of student learning. The department has not managed the statewide curriculum in terms of what is written, taught, and tested. Regarding budgeting, state laws on budgeting do not constrain educational restructuring to promote decision making at the school level. The department's proposal for a lumpsum budget would give little added flexibility to schools. Finally, the findings on repair and maintenance found the memorandum of agreement to be outdated, and identified the most significant problem as a lack of funding for and a growing backlog of major repairs. The following recommendations are made: (1) develop new policies to clarify the statewide core curriculum and personnel roles; (2) authorize a lumpsum budgeting pilot project for school/community-based management schools; (3) revise the memorandum of agreement and determine how Oahu's schools can receive an equal level of R&M service; and (4) change responsibility for all informally bid major repairs and nonbid repairs. The Hawaii Department of Education does not agree with some of the recommendations. Three tables and eight figures are included. (LMI)

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A Study of Curriculum, Budgeting, and Repair and Maintenance for Hawaii's Public Schools

A Report to the
Governor
and the
Legislature of
the State of
Hawaii

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THE AUDITOR
STATE OF HAWAII

EA 025 046

OVERVIEW

THE AUDITOR
STATE OF HAWAII

A Study of Curriculum, Budgeting, and Repair and Maintenance for Hawaii's Public Schools

Summary

In response to the Legislature's request, we studied three areas in education: add-on programs that compete with the core curriculum for instructional time; Chapter 37, HRS, on budgeting; and Chapter 26, HRS, as it applies to repair and maintenance (R&M) of school buildings.

We found that Board of Education policies and Department of Education (DOE) documents do not clearly define the statewide curriculum and the core program. Most educators we surveyed agreed that the core program consisted of four basic subjects: language arts, mathematics, social studies, and science. But some also considered other subjects such as health, physical education, and fine arts to be part of the core.

More important, neither core nor add-on programs, however defined, have been evaluated for meeting any statewide standard of student learning. The department has not managed the statewide curriculum in terms of what is written, taught, and tested. The DOE's written curriculum materials are not current and sufficiently useful. The department does not train teachers to ensure that teaching is effective, relevant, challenging, and tied to state curriculum materials. Finally, the department does not have a testing program to ensure that curriculum materials and training are producing the intended student learning.

We found that state laws on budgeting do not constrain educational restructuring to promote decision making at the school level. It would be helpful, however, for the schools to be able to carry over school-level funds at the end of each fiscal year. We agree with the philosophy behind the department's proposal for a lumpsum budget, but we believe that the proposal is not ready for department-wide implementation. As currently proposed, it would give very little added flexibility to schools. A pilot project using the proposed budget on school/community-based managed (SCBM) schools would be advisable.

With respect to repair and maintenance, we found to be outdated the memorandum of agreement setting forth the service agreement between the DOE and the Department of Accounting and General Services (DAGS). We also found that Oahu schools are underserved

for minor repairs in comparison with schools on the Neighbor Islands. The most significant problem is major repairs because funding has not kept up with the backlog and the growing number of needed repairs. We believe that the R&M program can be improved by realigning responsibilities within DOE and DAGS and improving training.

Recommendations and Response

We recommend that the Board of Education develop new policies to clarify the statewide core curriculum and the appropriate roles and responsibilities of state, district, and school personnel. The DOE should better manage the curriculum by improving and aligning its written, taught, and tested curriculum. We recommend that the board develop new policies that clearly fix responsibilities for curriculum management and monitor the department's implementation of these responsibilities.

We recommend that the Legislature consider allowing schools to carry over any unexpended school-level funds at the end of each fiscal year. We also recommend that the Legislature not appropriate according to the lumpsum budget structure but authorize a lumpsum budgeting pilot project for SCBM schools.

We recommend that DOE and DAGS revise their memorandum of agreement and DAGS determine how it can give Oahu schools a level of service equal to that on the Neighbor Islands. We also recommend that DAGS Central Services Division be responsible for all informally bid major repairs in addition to nonbid repairs. The bid threshold should be raised to \$8,000 for informal bids and \$25,000 for formal bids.

The department does not agree with our recommendation that the board should develop policies to clarify the statewide core curriculum. The department feels policies are in place with the Foundation Program and expects roles to be clarified by Project Ka An Hou. The department agrees that it can better manage curriculum by aligning the written, taught, and tested curriculum. New curriculum guides are currently in draft stages. The department says it may have difficulty aligning the tested curriculum given the need for fiscal resources and other requirements.

The department does not agree with our recommendation to pilot test its proposed lumpsum budget on SCBM schools. It does, however, agree with the recommendations on R&M. The Department of Accounting and General Services did not respond to our draft report.

Marlen M. Higa
State Auditor
State of Hawaii

Office of the Auditor
465 South King Street, Room 500
Honolulu, Hawaii 96813
(808) 587-0800
FAX (808) 587-0830

A Study of Curriculum, Budgeting, and Repair and Maintenance for Hawaii's Public Schools

**A Report to the
Governor
and the
Legislature of
the State of
Hawaii**

Submitted by

**THE AUDITOR
STATE OF HAWAII**

**Report No. 92-31
December 1992**

Foreword

This report was prepared in response to Act 295, Session Laws of Hawaii 1992, that directed the State Auditor to study three areas of education: add-on programs that compete with the core curriculum for instructional time; Chapter 37, HRS, on budgeting; and Chapter 26, HRS, as it applies to repair and maintenance of school buildings.

We wish to acknowledge the cooperation and assistance extended to us by the officials and staff of the Department of Education, the Department of Accounting and General Services, and the Department of Budget and Finance. We also appreciate the assistance of other officials, experts, and organizations we contacted during the course of this study including the American Association of School Administrators.

Marion M. Higa
State Auditor

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Chapter 1

Background

The 1992 Legislature made educational reform a prominent issue. Many of its initiatives are incorporated in Act 295, Session Laws of Hawaii 1992. The act seeks to restructure the public school system by empowering schools and communities and by giving them greater flexibility and autonomy to improve student performance.

Among its provisions, the act directs (1) the schools to prioritize their repair and maintenance projects, (2) the governor to encourage private sector contributions to education, (3) the State and the unions to reform collective bargaining by focusing on student needs and school decision-making, and (4) the Department of Education to implement the recommendations of the Task Force on Educational Governance. Among other issues, the task force had reported that the inundation of add-on programs was eroding an already crowded school day.

The act directs the State Auditor to study three areas: inventory "add-on" programs or programs that compete with the core curriculum for instructional time; review Chapter 37, HRS, on budgeting; and review Chapter 26 as it applies to repair and maintenance of school buildings. The State Auditor is to determine whether the two chapters promote decision-making at the school level.

This report presents our findings and recommendations in all three areas. Chapter 2 examines add-on and core programs in Hawaii's public schools. Chapter 3 discusses the Department of Education's budgeting system. And Chapter 4 reviews repair and maintenance of schools.

Objectives

The objectives of this study were to:

1. Identify and describe core curriculum and add-on (non-core) programs;
2. Determine whether the Department of Education's administration of curriculum enables schools to design curricula that meet their individual needs while ensuring that schools meet statewide standards;
3. Evaluate current budgeting requirements that may obstruct educational restructuring and shared decision-making at the schools;

4. Describe school repair and maintenance work—how it is prioritized and funded—and the respective responsibilities, functions, and interrelationships between the Department of Education and the Department of Accounting and General Services; and
 5. Recommend improvements in the above areas.
-

Scope and Methodology

To accomplish the study on add-on programs, we interviewed key personnel at the Board of Education and the Department of Education and reviewed relevant documents at state and district offices and at selected schools. We assessed curriculum plans and guides, in-service training forms, evaluation reports, and the linkages among them. We also reviewed program contracts and evaluations, departmental minutes, and reports related to curricula. We examined the department's curriculum management—the development, implementation, and assessment of curriculum at state and district offices. We visited selected school complexes within each of the seven school districts to review their curriculum practices.

We also surveyed a sample of 820 teachers and all 234 principals on their perceptions of the core curriculum and add-on programs. We included questions in the principals' survey on budgeting and repair and maintenance practices. The teacher sample was taken from all seven school districts representing rural and urban schools; elementary, intermediate, and high school complexes; school/community-based management (SCBM) schools; and special needs schools. The margin of error for this survey was within 5 percent, meaning the results of the survey could differ up to 5 percent from the results of a complete survey of all teachers. The response rate for teachers was 42 percent and the response from principals was 75 percent.¹

For the review of Chapter 37 on budgeting, we examined budget preparation and execution processes and the efforts of the department to design a new budgeting format and school allocation system. We interviewed personnel at the department's state, district, and school level offices and analysts at the Department of Budget and Finance.

For the review of Chapter 26 as it applies to repair and maintenance, we interviewed personnel from the Department of Accounting and General Services, its Central Services Division and Public Works Division, and its district offices, including those on the Neighbor Islands. We also interviewed personnel at the state, district, and school levels at the Department of Education and reviewed relevant records at both departments.

Our work was performed from June 1992 through November 1992 in accordance with generally accepted government auditing standards.

Chapter 2

Curriculum Management in Hawaii's Public Schools

In this chapter we discuss core and add-on curricula and perceptions at state, district, and school levels about what they are and how they impact on the schools. Our review of core and add-on programs is made against the larger context of the management of curriculum by the Department of Education (DOE) and the extent to which departmental management supports the ability of schools to make sound decisions about their curriculum.

Summary of Findings

1. Add-on programs could not be clearly identified because the department has not clearly defined the core curriculum. Many educators consider certain add-ons to be part of the core. We found no consensus about the value of add-on programs.
2. The department has not managed curriculum to support school decision making. We found that the department does not have adequately written curriculum guides. It has neither a program to ensure that curricula are adequately taught nor a program to assess the effectiveness of existing instructional programs. Board policies establishing responsibility for curriculum management are unclear.

Add-on and Core Curricula Are Not Clearly Delineated

The department has no official documents that identify which curriculum offerings are core programs. Policies of the Board of Education on this issue is vague and the department has no official listing of core courses. This makes identifying what is non-core, or add-ons, difficult.

From interviews and survey results, there is a general consensus that core curricula include these four basic subjects: language arts, science, math, and social science. But there is less agreement on whether offerings other than these four subjects are non-core. Core and non-core programs and perceptions about them vary among Hawaii educators.

Vague board policies

Board policies do not clearly identify what is to be taught in the schools. Policies on the elementary curriculum say it is comprised of language arts, math, social studies, health education, science, physical education, art and music. The intermediate school curriculum continues academic

learning in the same subject areas with major attention given to social development and self-understanding. The high school curriculum includes basic academic courses that develop student values and emotional and social independence, as well as courses on career and vocational opportunities, historical perspectives, and technological advances. Other than these broad statements, board policies contain no more specific information about curriculum content for Hawaii's schools.

No departmental definition of core

The department has no documents that formally identify core courses to be taught at each school level. The department issues a publication called *Authorized Courses and Code Numbers (ACCN)*. This is a listing of courses the department has approved, but the listing does not show which courses are core and which are non-core.

Individual schools at the intermediate and high school levels have course catalogs that list courses in their basic programs. But these do not identify core courses. For example, one intermediate school lists English, social studies, math, science, physical education, health, and fine arts in its basic program for grade 7. High school catalogs will list courses offered and minimum requirements needed for graduation, for example, 4 credits of English, 4 credits of social studies, 1 credit of physical education, and so on. Whatever fulfills these requirements is considered core.

Almost all principals and teachers responding to our survey agreed that the core curriculum included the four subject areas of language arts, math, science, and social studies. Almost half of the principals and teachers also counted health and physical education as core. One third of them also included computer education. Respondents said that students spent an average of 18 hours per week on core courses.¹

No clear definition of add-ons

What constitutes an add-on is similarly unclear. The term "add-on" has different meanings to different people. Depending on the educator's view, add-ons may also be called enrichment programs, supplemental programs, or electives.

State and district personnel we interviewed defined "add-ons" as "programs not requested by the department." They saw them as legislatively requested, developed outside the school, and difficult to incorporate into the regular curriculum. State personnel said about 90 percent of the programs in the budget category EDN 106 are add-ons. As seen in Table 2.1, EDN 106 includes some 23 programs totalling over \$69 million. They include programs such as environmental education, Hawaiian studies, and computers in education. But it also

includes programs which could be considered core such as intensive basic skills, primary instructional needs, and elementary language art.

We could not arrive at a total cost figure for add-on programs since they are not clearly defined, and they are budgeted through various program categories in addition to EDN 106 such as EDN 107, 108, and 207.

Table 2.1
Categorical Programs in EDN 106

Program	Amount
1. School Priority Fund	\$23,973,036
2. Environmental Education	364,475
3. Elementary Language Art	276,982
4. Driver Education	926,673
5. Students of Limited English Proficiency	7,597,009
6. Primary Instructional Needs, Intermediate Schools	4,729,300
7. Summer School Program	3,555,532
8. Intensive Basic Skills Program	1,218,213
9. Hawaiian Studies	3,403,445
10. Home/Hospital Instruction	606,096
11. Asian, European/Pacific Language Program	797,191
12. Early Provisions for School Success	254,965
13. Computers in Education	2,924,694
14. Philosophy in the Schools	75,699
15. Gifted and Talented	3,283,766
16. Core Learning	5,627,436
17. Distance Learning Technology Program	1,092,795
18. Hawaiian Language Immersion Program	747,615
19. Health Education Counselors	125,530
20. After-School Instruction	2,886,965
21. Special Needs Schools	3,683,787
22. Starlab Project	217,726
23. Innovative Programs	1,106,497
Total	\$69,475,427*

* Does not include federal Chapter 2, ESEA funds and state special funds.

Source: Hawaii, Department of Education, *Resource Allocation and Budget Execution, Fiscal Year 1991-92, December 1991.*

School-level personnel described add-ons as "mandated," "non-school initiated," and "not part of the core." They considered add-on programs as those initiated by the board, the department, or the federal or state governments. Among others, they cited AIDS education, bike education, drug education, and Hawaiian studies. They considered some of the categorical programs in EDN 106 as part of the core.²

Some school personnel said add-on programs included programs of special education, limited English proficiency, alienated students, and intensive basic skills. These programs might also be considered as assistance on core subjects to particular groups of students.

Teachers responding to our survey said students spend an average of 6.3 hours per week on non-core subjects (however they defined it) during normal school hours. The most frequently cited add-on programs were computer education, physical education, and health. About a quarter of the teachers felt that courses they taught and defined as add-ons should be part of the core (such as Hawaiian studies, drug education, and computer skills, among others).³

School opinions on add-on programs

We found varying opinions about add-on programs. Whether the opinions were positive appeared to depend on how successfully schools integrated the programs in their curriculum. Success in integrating add-on programs, in turn, appeared to depend on the assistance districts gave schools as well as the flexibility and innovation displayed by the school principal.

Most teachers, particularly those at the intermediate level, felt that add-on programs enhanced the educational experience and could be incorporated in the core curriculum. Four out of five teachers responding to our survey noted that students at their schools had instruction outside the core curriculum.⁴

Most principals responding to our survey felt there was not enough time during the school day to cover core subjects as well as add-on programs. Slightly less than two-thirds felt there were too many add-on programs. Slightly more than two-thirds reported, however, that add-on programs were an excellent way to broaden the educational experience of students. This was particularly true of high school principals.⁵

In our follow-up interviews, we found principals divided in their opinions. Some said that add-on programs could be integrated—for example, AIDS education into health courses and environmental education into science courses. Others said that add-ons were coming from too many different places—the board, the Legislature, the districts, and others—without any regard for a school's vision. They pointed out that programs were not evaluated for their contribution to the core curriculum.

Principals made the following comments, among others, about add-on programs:⁶

- There is no way to judge the value of programs since they are not evaluated and there is no accountability. For example, Hawaiian Studies has been in existence for 10 years without being reviewed.
- When it is mandated, schools are not told how they are supposed to fit in the add-on with existing programs.
- A values education program was mandated without clarification and in-service training of what should be taught.

Curriculum Management Is the Issue

Questions about add-on programs are symptomatic of the larger issue of what the State's curriculum is supposed to be and how effective it is. Unless schools have this information, they will be unable to make intelligent choices about their curricula, regardless of the amount of flexibility they have. Schools need to know what curricula are required statewide, what kinds of resources are available to support the teaching of different curricula, what kinds of training are needed, and how effective certain curricula are for improving student learning.

The statewide curriculum appears to need definition and comprehensive assessment. The numerous course offerings are rarely deleted once added to the curriculum. For the 1991-92 school year, secondary schools offered a wide variety of courses: 115 different language arts courses, 51 science courses, 47 social studies courses, 70 mathematics courses, 98 vocational-technical courses, 74 practical arts courses, 11 health courses, and 57 physical education courses.

Unless the department manages its curriculum, schools would have difficulty determining which of the many course offerings are effective in meeting curriculum performance standards. For example, schools may not know which mathematics courses and instructional strategies are effective in helping seventh graders meet standards relating to decimals and percentages.

The issue is curriculum management. By curriculum management we mean a program that defines the comprehensive curriculum (core and non-core) and manages the way in which the curriculum is written, taught, and tested. The issue here is neither money nor efforts at reform. Despite the money spent and the many efforts at reform, student performance appears to be declining.

Money not the issue

There are clear indications that despite the expenditure of large sums of money, the State is not any closer to enhancing student learning. Appropriations for the Department of Education have increased 51 percent in the past five years, from \$467.2 million in FY1987-88 to \$706.7 million for FY1991-92.⁷ We estimate that programs supporting curriculum management for FY1991-92 amount to \$542 million or about 80 percent of the department's total budget (see Table 2.2). Classroom instruction is represented by appropriation program categories EDN 105, 106, 107, and 108. EDN 203 includes school principals and other administrative staff and expenses.

Table 2.2
Appropriations Related to Curriculum Management
Department of Education, FY1991-92

	Amount
EDN 105 Regular Instruction	\$267,643,553
EDN 106 Other Regular Instruction	78,109,105
EDN 107 Special Education	53,309,392
EDN 108 Compensatory Education	26,049,597
EDN 203 School Administration	38,740,406
EDN 204 Instructional Media	12,694,121
EDN 205 Instructional Development	11,652,931
EDN 303 State Administration	25,902,717
EDN 304 District Administration	12,648,414
EDN 405 Afterschool Plus Program	15,668,860
Total	\$542,419,096

Source: Act 296, SLH 1991

Whether state funding is adequate is important but more important is whether it results in higher student learning. In fact, some say that extremely high spending seems to crowd out basic learning. In an analysis of student proficiency test scores in Ohio, researchers found that over a certain minimum funding level, extra dollars produced only minimal achievement gains. Higher spending on basic instruction correlated somewhat with higher scores, but higher administrative spending correlated more strongly with lower scores.⁸

Reforms do not address curriculum management

A number of reforms are being made to restructure Hawaii's public education. We believe that some of these will have important benefits. None of these, however, deal specifically with curriculum management as we define it.

The department's Project Ke Au Hou proposes to relocate state and district support services and resources to nine school-level resource centers, but it does not deal with curriculum management. A 1990 Task Force on Curriculum Restructuring made several recommendations on graduation requirements that were subsequently adopted by the board. These also do not deal with curriculum management. The department recently initiated a curriculum action plan focusing on math, science, language arts, and social studies. Its suggestions were limited to specific subjects but offered no coherent program for the overall curriculum.

The many initiatives may in fact be counterproductive. In a report to the superintendent of education in March 1992, the Education Commission of the States found that fragmentation among reform initiatives was one of the main issues facing Hawaii's public school system. The commission stated:

Teachers, principals and community leaders are being swamped by too many reform initiatives simultaneously.... Many people in the field are struggling to implement one or two of the reform components but do not see how they relate to one another.⁹

The commission noted that the vast majority of those it interviewed did not have a common reference point for determining what students should know and be able to do and did not understand the relationship between reform initiatives and objectives for increased student learning. The commission said Hawaii's education reform efforts appeared to lack an educational center, which, in a centralized state system, could be well-defined curriculum frameworks for teachers.¹⁰

Declining Student Performance

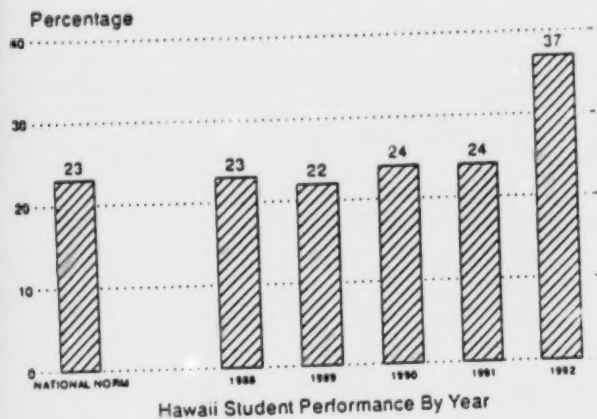
Student performance has been weak based on the limited measures available. One widely reported measure is the SAT scores. We used reading and math scores from grades 3 and 10 to illustrate that neither money nor reform initiatives have improved student performance. Recent Stanford Achievement Test (SAT) scores show declining performance. The department uses the test to assess reading and math performance in grades 3, 6, 8, and 10. The test assesses only part of the language arts and mathematics curricula but it is useful as a comparison of student performance in Hawaii public schools with a national norm.

Figures 2.1 and 2.2 show student performance based on reading and math scores in grades 3 and 10 respectively.

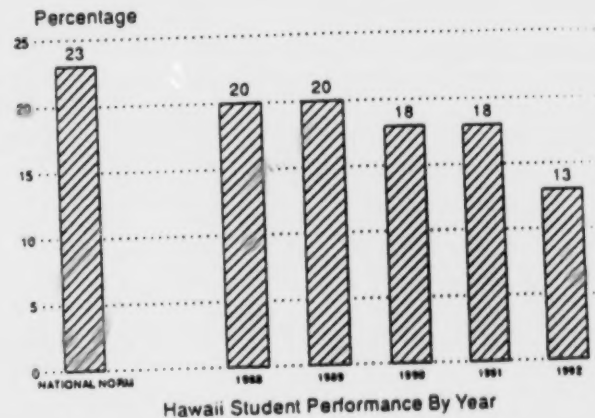
In the past four years, the percentage of those scoring below average in reading at grade 3 has been fairly stable and close to the national norm. In 1992, however, the proportion of those scoring below average

Figure 2.1
Hawaii Grade 3 - SAT Student Performance

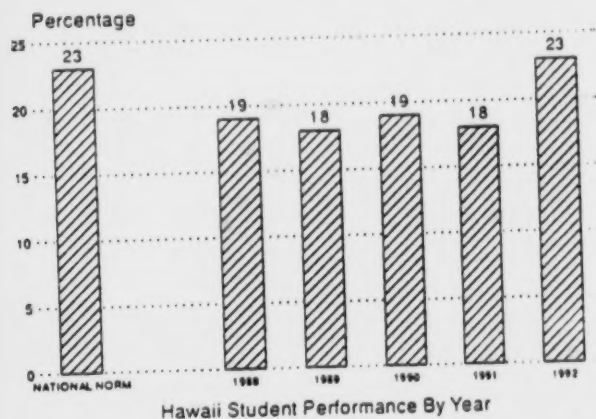
Increasing Below Average Performance
Grade 3, Reading: 1988 to 1992



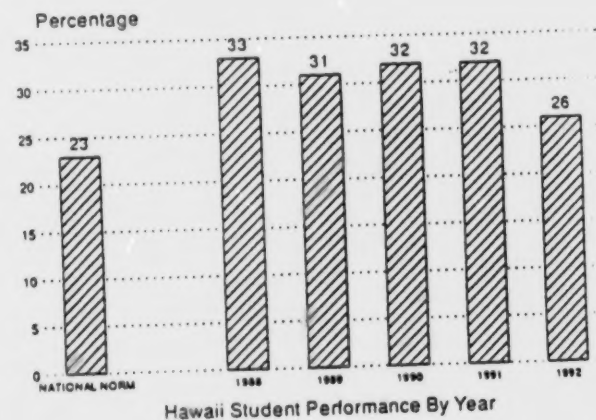
Decreasing Above Average Performance
Grade 3, Reading: 1988 to 1992



Increasing Below Average Performance
Grade 3, Math: 1988 to 1992



Decreasing Above Average Performance
Grade 3, Math: 1988 to 1992

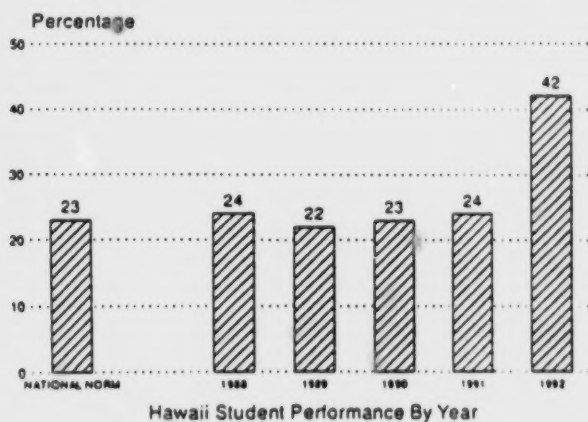


Sources: Hawaii, Department of Education, *Hawaii Stanford Achievement Test (8th Ed.) Results, Spring 1992*, Honolulu, October 1992.

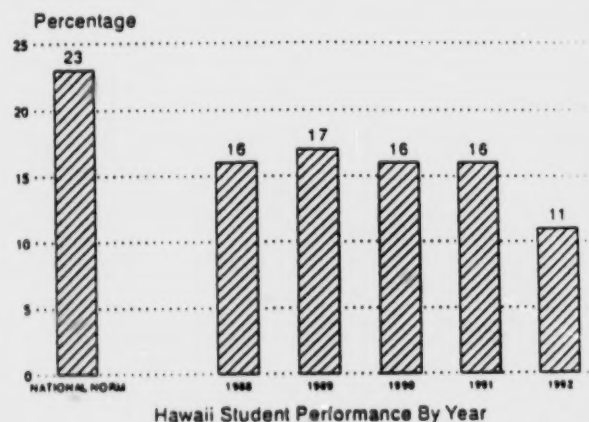
Hawaii, Department of Education, *Summary Analysis of Hawaii Performance of the SAT (1982, 7th Ed.)*, Spring 1992.

Figure 2.2
Hawaii Grade 10 - SAT Student Performance

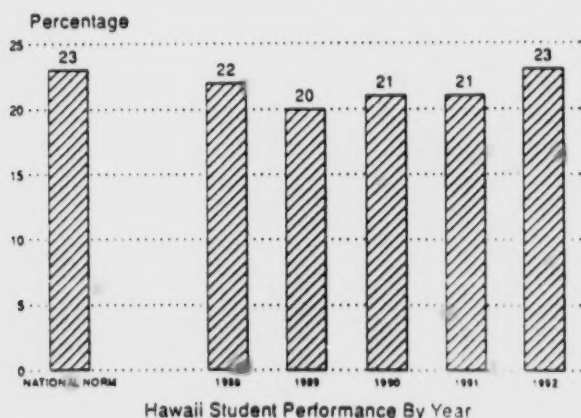
Increasing Below Average Performance
Grade 10, Reading: 1988 to 1992



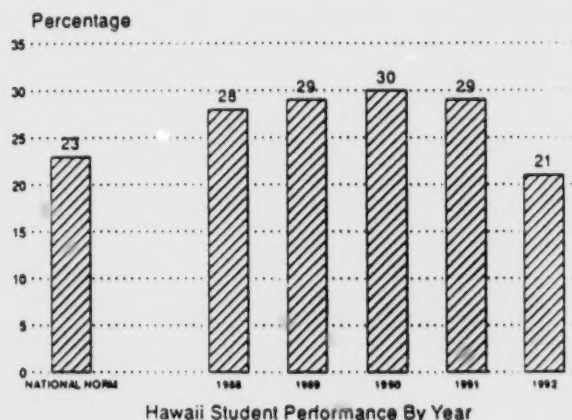
Decreasing Above Average Performance
Grade 10, Reading: 1988 to 1992



Increasing Below Average Performance
Grade 10, Math: 1988 to 1992



Decreasing Above Average Performance
Grade 10, Math: 1988 to 1992



Sources: Hawaii, Department of Education, *Hawaii Stanford Achievement Test (8th Ed.) Results, Spring 1992*. Honolulu, October 1992.

Hawaii, Department of Education, *Summary Analysis of Hawaii Performance of the SAT (1982, 7th Ed.)*, Spring 1992.

increased from 24 to 37 percent. The number of third graders scoring above average in reading has been consistently below the national average and has declined steadily. In 1992, however, the proportion of those scoring above average dropped significantly, from 18 to 13 percent.

The same trend is seen in math performance. The percentage of those scoring below average increased from 18 to 23 percent, while the percentage of those scoring above average declined from 32 to 26 percent.

Reading performance in the 10th grade has traditionally been weak although the proportion of those scoring below average had been steady. In 1992, the proportion scoring below average increased significantly, from 24 to 42 percent. The proportion of those scoring above average in reading has been consistently lower than the national norm. This year, however, the proportion scoring above average dropped even more, from 16 to 11 percent.

Math performance in the tenth grade shows a similar trend. Those scoring below average increased, and those scoring above average decreased.

Unprepared high school graduates

That student performance is weak is also demonstrated by the 6,000 public school graduates of 1989 who enrolled in higher education. About 2,900 graduates enrolled in community colleges or technical schools.¹¹ Of these graduates, 2,500 enrolled in developmental or remedial English courses, courses that are equivalent to grades 6 to 10 proficiency levels.¹²

Of the 3,000 public high school graduates who attended four year colleges,¹³ their average College Board verbal score of 382¹⁴ did not meet the University of Hawaii admission standard of 430.¹⁵

Curriculum Management Is Needed

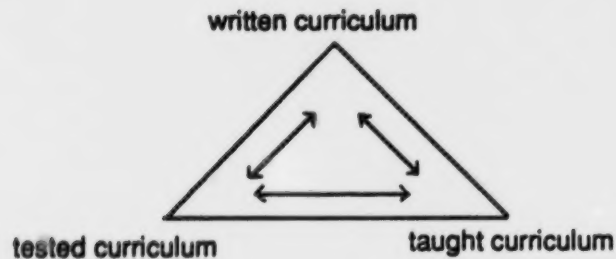
We believe that one reason for weak student performance is the department's poor management of curricula. Good management means that the organization has identified what it hopes to achieve, has a strategy for achieving the objectives, acquires and deploys the necessary resources to carry out the strategy, and evaluates the extent to which the objectives are achieved.

The same principles of good management apply to the field of education. A useful approach is one developed by the National Curriculum Audit Center of the American Association of School Administrators to assess curriculum management. The approach incorporates a financial audit

model with the latest standards identified in research on effective schools. Approximately 60 school districts nationwide have used this audit model to improve school performance.¹⁶

The model focuses on quality control within an educational organization ranging from a single school to a statewide system. The model must have three elements to function effectively: (1) a work standard, (2) a means of accomplishing the standard, and (3) feedback on attainment of the standard. In an educational system, these elements translate into (1) the written curriculum, (2) the taught curriculum, and (3) the tested curriculum. The curriculum audit model examines the extent to which these three elements are linked. Without such linkage, the curriculum has not been managed effectively (see Figure 2.3).

Figure 2.3
A Model for Curriculum Management



The curriculum is the content and sequence of courses that students take in school. The written curriculum defines the work standards, goals, and objectives that teachers translate into classroom activities. The taught curriculum is the actual work done to accomplish the objectives in the written curriculum. The tested curriculum includes tools to assess student learning that are linked to both the written and the taught curriculum.

Based on the model, we find that the department can improve curriculum management for Hawaii's public schools. All three elements of the curriculum—the written, the taught, and the tested—are weak and there is no linkage among them. The department has: (1) inadequate written curriculum or program guides; (2) uncoordinated and unfocused staff development; and (3) inadequate evaluation of the curriculum.

Inadequate written curriculum

The purpose of a curriculum guide is to define the subject matter goals, objectives, proficiencies, and performance standards, and to link them to classroom instruction and testing. The guide should identify instructional materials and available resources. It should also describe student skills, knowledge, and attitudes required for each grade level; provide hints for teaching; and suggest time allocations for subject matter coverage. In addition, the curriculum guide should include suggestions for staff development.

The current curriculum guides are deficient for two reasons: first, they are outdated, and second, they do not contain sufficient information for teachers. Without current, useful information, teachers cannot adequately carry out their responsibilities for translating state curriculum guides into effective lesson plans and classroom teaching.

Approximately 38 percent of the teachers and 14 percent of the principals responding to our survey said that they were "very or somewhat dissatisfied" with the curriculum. Of the teachers, 28 percent felt the department's instructional materials were "not useful," while 65 percent said the materials were "somewhat useful." Only 4 percent found them to be "very useful."¹⁷

Among other comments, teachers and principals said the following in our survey:¹⁸

- The core curriculum fails to meet student needs. *School principal*
- The science curriculum is very weak in the elementary grades. The state should set the scope and sequence for the elementary grades. *School teacher*
- There should be better communication between intermediate schools and high schools, especially in the core areas. State requirements, particularly in language arts and social sciences, should be aligned better. *School principal*

Outdated guides

With the exception of the language arts guide which was published in 1988, the guides in the four basic subject areas are over five years old. Of particular concern are the science curriculum guides—two were published over 15 years ago in 1977 and one in 1981. The social studies and mathematics curriculum guides were last revised in 1978 and 1981 respectively.

Insufficient information

The curriculum guides do not provide information that teachers need. The language arts program guide, the most recently revised, is a good approximation of what a curriculum guide should be, but it can be improved. The guide describes the goals, objectives, and student outcomes by grade levels, but it has no specific suggestions for evaluating student outcomes. For example, the guide states that oral communication skills must be evaluated. No suggestions are given on how this should be done. The guide says that teacher evaluation of student writing must be constructive and focus on clarity and meaning. However, it gives no criteria for good writing or examples of successful writing. The guide includes a bibliography on language arts. But it does not list people within or outside the department who can help teachers implement the curriculum.

The science curriculum guides do not contain sufficient information to be helpful to teachers. They vary in organization and content. They do not identify student proficiencies by grade levels, and they are outdated. The three science guides for grades K-6, 7-9, and 9-12 are not consistently organized. For example, the K-6 guide suggests assessment techniques while the other two guides do not. The guides spell out the skills, knowledge, and attitudes that students should acquire but do not identify those proficiencies by grade levels. Since the guides do not reference the essential skills to appropriate grade levels, teachers could duplicate or omit critical information. The guides are more than ten years old and do not describe changes in the world of science or inform teachers of new instructional developments.

State-level responsibility for written curriculum

The department's Office of Instructional Services (OIS) is responsible for the written curriculum for regular education, special education, and special instructional programs for alienated students. Within OIS, the General Education Branch, special education and occupational development sections under OIS are responsible for writing curriculum materials for their respective areas.

To guide the schools, OIS developed and distributed documents such as the *Foundation Program for the Public Schools of Hawaii* (1985) and a *Teacher's Handbook on Essential Competencies*, and *Student Outcomes for the Foundation Program for the Public Schools of Hawaii* (1992). These documents describe broad educational goals and general student outcomes, but they are not curriculum-specific.

OIS also publishes and distributes curriculum-specific documents, such as the *Approved Instructional Materials* (1990 and 1991), and the *Authorized Courses and Code Numbers* (1988). It has issued curriculum guides in the four basic subjects: language arts, science, mathematics, and social studies; as well as for programs such as special education and vocational education. But these must be updated and give better guidance to teachers.

Without clearly written, current, and useful curriculum guides, schools lack the support and guidance that they need and the department cannot be assured that course content is consistent from school to school. Schools cannot be held accountable for the quality of curricula or poor student performance when state guides are inadequate.

The state level offices must develop current curriculum guides that serve as a common reference point for all schools so that teachers can tailor classroom instruction to student needs. Curriculum guides should describe course content and articulation across grade levels. The guides should show skills from the simple to the complex so that teachers can target student instruction in their class lesson plans.

These criteria can be met. For example, the California Department of Education's *Science Framework for California Public Schools, Grades K-12*, is current and contains information that teachers need. It develops six major themes in physical and life sciences that continue from one year to the next. Themes are developed by grade level so that teachers can see the progression of the skills that students need to attain. Teachers are given suggestions on implementing the curriculum, the rationale and resources needed to assess student skills, and standards for assessing instructional materials.

The Louisiana Language Arts Curriculum Guide, Grades K-6, provides a clear outline of language arts skills, the levels of instruction, suggested classroom activities, a philosophical rationale for language arts, and an explanation of how to use the guide. In addition, the guide is organized to show how skills are developed from the simple to the complex.

Staff development is not mandatory. Teachers are invited to workshops and seminars, and attendance is voluntary. The department does not require school staff to be trained in the use of curriculum guides. The department has issued over 7,000 copies of the language arts curriculum guide without requiring any teacher training on how to use the guides.

The department provides a plethora of in-service training based on school requests and district and state office decisions. These activities are neither prioritized nor do they focus on curriculum strengths and weaknesses. During the 1991-92 school year, for example, Central District had 710 in-service activities and Honolulu District had 1,359 in-service activities including both curriculum related and non-curriculum related training.²¹

Curriculum-related training included curriculum integration, basic skills development, and math and science integration. Non-curriculum training was on subjects such as School Community-Based Management (SCBM), parent education, team building, and conflict management. Because the activities are optional and cover a wide range of topics, school staff may receive insufficient training on the core curriculum. Our survey results indicated that only 16 percent of the teachers received training on the core curriculum.²²

The department does not monitor or evaluate whether its staff-development activities improve classroom teaching. It does not systematically follow-up on in-service activities nor survey classroom practices to measure results of staff-development training.

Responsibility for staff development

The department has neither clearly defined the roles and responsibilities for training nor coordinated staff development activities. The OIS and the Office of Personnel Services both manage training. Within the OIS, the general education, occupational development, and special education specialists conduct their own training programs.

Staff-development activities should be coordinated and focused. The department should have a staff development program that clearly delineates roles and responsibilities, requires school staff participation, and evaluates training programs based on surveys of actual instructional practices.

For teachers, the program should take into consideration such factors as experience, recentness of self-improvement classes, and depth of subject matter knowledge. Implementing a staff development program would help ensure that teachers know what to teach and how to teach it.

The department should regularly revise its curriculum guides to provide current useful information to classroom teachers. This information should include: (1) clear descriptions and sequences of required courses and accompanying student proficiency levels, (2) assessment strategies, and (3) available resources within and outside the department. The department should involve classroom teachers in developing the guides. Research has shown that teachers are more enthusiastic about teaching the curriculum when they have been involved in writing it.

Teaching the curriculum

The course descriptions, sequence of skills, and assessment standards of the written curriculum need to be translated into effective classroom teaching. This requires a well-coordinated staff development program focusing on state curriculum materials. But in Hawaii, staff development is weak, and the department has not linked teacher training to curriculum materials. It has no clear staff development program.

Without a coordinated and focused staff development program, the department cannot be assured that teachers are implementing the state curriculum and are trained to customize curriculum to meet the needs of their students. Surveying the effectiveness of its staff-development program is one way the department could determine the extent to which the curriculum meets student needs. The department spends approximately \$5 to \$6 million a year on workshops and other activities but remains unsure about how these activities improve student learning.¹⁹

Some comments from our office survey of teachers and principals illustrate deficiencies in the taught curriculum.²⁰

Teachers rarely have the opportunity to be inserviced during the school year by stimulating resource teachers or to attend conferences which would charge up their enthusiasm, instead they receive second hand information and instruction. *School principal*

Programs are imposed but schools receive very little training on them. *School principal*

Schools need to spend more time on staff development. *School principal*

Teachers need more in-service in the curriculum areas. *School teacher*

The tested curriculum

The department does not have a program to test the effectiveness of its curricula. Its statewide testing program evaluates only a small part of the curriculum. It does not measure student performance in a specific curriculum. Thus, the department has no information on whether schools need more challenging curricula, new materials, or better prepared teachers. Decision makers at state, district, and school levels have limited information on how to improve instructional practices.

The department's testing program includes the SAT administered in grades 3, 6, 8, and 10; the Hawaii State Test of Essential Competencies (HSTEC) required for graduation; the National Assessment of Educational Progress (NAEP) administered to a sample of 4th and 8th grade students, and the College Board Scholastic Aptitude Test. These instruments assess only part of the language arts and mathematics curricula. Other curricula are simply not evaluated.

Some principals and teachers made the following comments about the tested curriculum in our survey:²³

Hawaii's school curriculum must be continually reviewed to ensure its meaningfulness to students. *School principal*

There should be a standard statewide curriculum with competency based measures to assess it. *School principal*

Teachers and students need a specific measurement (a standard for the state) to know that they have reached minimum levels of competency before moving on to higher levels. *School teacher*

The Department of Education must come up with a more consistent, effective means of assessment that can be used statewide. *School teacher*

A systematic approach is needed to link testing to curriculum guides and instruction. The approach should give educators (1) timely and relevant information to analyze important trends in the instructional program, (2) information to improve student learning, (3) feedback to school staff on effective teaching, and (4) information on the strengths and weaknesses of various programs so that ineffective programs can be discontinued. Based on this information, decision makers at state, district, and school levels can make informed decisions on how to improve student performance.

California's assessment program uses test questions specifically matched to its curriculum. Reading and math tests are aligned with the state's model curriculum guides. Kentucky provides state curriculum

frameworks for local districts and assesses school performance each year by testing randomly selected students in grades 4, 8, and 12. New York State has course outlines and syllabi that are reviewed and revised every five to seven years to catch articulation needs or gaps. The state then administers competency exams in reading and writing for grades 3, 5, and 6 to determine if remediation is needed, and if schools conform to the state syllabi.

The Department Has Initiated Some Improvements

The department has taken some important steps toward curriculum management but a more systematic approach is still needed. In September 1991, the department published an *Action Plan for Improving Mathematics, Science, Language Arts, and Social Studies* that describes state, district, and school responsibilities for a core curriculum. A draft curriculum framework for the four basic subjects was also published. The plan requires schools to link the "essential curriculum" with assessment practices, but types of assessments are neither described nor defined. In another recent effort to link assessment to instruction, the superintendent issued a memo to district and school leaders requesting details on how to improve student achievement on the SAT and NAEP tests over the next four years. The superintendent assigned curriculum responsibility and accountability to classrooms but did not describe what the department's responsibilities would be.

We agree with the department's efforts to decentralize curriculum administration to give schools greater control, but we also concur with leading research that a proper balance between state and local control is needed. It should be recognized that the state office and the schools have different responsibilities in this area.

It is the responsibility of the state office to develop curricula, train teachers, and systematically gather data on the effectiveness of statewide curricula. State board policymakers need information from the state office to improve curricula and to be accountable for state funding. Schools need information from the state office to make informed decisions on which programs best fit their needs.

Clearer Assignment of Roles and Responsibilities is Needed

We found that board policies and the department's functional statements, and job descriptions for state, district and school personnel, were unclear and had overlapping responsibilities for developing, monitoring, and assessing the curriculum.

Board policies assign responsibility for curriculum development to the assistant superintendent of the OIS and responsibility for instructional

materials to schools, districts, and the department. But schools are also responsible to develop curriculum "of sufficient depth and breadth to meet the needs, interests, and abilities of students."

According to the department's functional statements, OIS is responsible for developing curriculum programs and resources (such as guides, units, instructional materials) and media for use throughout the school system. The office provides technical assistance, consultants, coordination, and staff development on a statewide basis; and monitors, assesses and analyzes the current status of educational programs.

The job descriptions for state and district specialists are similar. Both state and district specialists provide technical guidance for improving school level programs, monitor school activities for compliance with the board's foundation program objectives and instructional policies, serve as liaison between the state, schools, and the community in curriculum matters, assist teachers and principals in the selection and use of curriculum and program materials, and coordinate in-service training workshops.

Like state and district specialists, school principals similarly monitor school activities and promote in-service training. They direct staff in developing curriculum. Teachers also develop or modify the classroom curricula and prepare lesson plans according to stated curricular outlines. In addition, some schools designate curriculum coordinator positions to assist teachers in planning and implementing new curriculum strategies, providing model lessons, and articulating curricula across the school or among schools within the complex.

We recognize that state, district, and school personnel indeed have overlapping responsibilities for curricula. But there should be some differentiation among them in terms of the extent and degree of responsibility for various aspects of curriculum. Without some delineation, overlapping responsibilities result in duplication of effort and wasted resources.

Board policies needed

Policies of the Board of Education are not sufficiently clear to manage current and future curricula. Board policy should delineate responsibilities, identify curriculum and its accompanying standards, and ensure linkage among the written, taught, and tested curricula.

The American Association of School Administrators recommends that school board policies be tightly linked to the three elements of curriculum management: the written, the taught, and the tested curricula. If policies are loosely coupled to curriculum elements, accountability may not be clearly assigned and curriculum will not be properly managed.

The board should develop policies that identify a coherent K-12 curriculum with measurable standards for all schools. The standards should reflect high proficiency levels and not minimum competencies. Students need to know specific content standards that describe the knowledge and skills expected of them and by which they will be assessed. Teachers need to know standards in order to develop assessments.

The policies should require board approval of curriculum documents based on whether they produce desired learning results. The board must have information on student learning to be able to carry out its quality control function for Hawaii's schools.

The board's policies on instruction should specify whether the department, school, or classroom teacher is responsible for implementing the instructional policies. The policies should also require the use of approved instructional materials, such as state curriculum guides.

A policy should be adopted to address the department's monitoring of instruction to ensure the use of state approved curriculum materials and to determine whether schools use other instructional materials that are effective and can be shared.

The board's testing policy can be improved by (1) requiring the department to link testing to curriculum and instruction, and (2) by directing the department to systematically review and modify statewide curriculum based on test results.

The goal of these policies is to ensure proper curriculum management that promotes articulation and coordination of the K-12 curriculum, and to ensure that the written, taught, and tested curricula correspond with one another. Effective curriculum management means regular reviews, refinements, and updates of curriculum and instruction.

Recommendations

1. The Board of Education should develop new policies to clarify the statewide core curriculum and the appropriate roles and responsibilities of state, district, and school personnel.
2. The Department of Education should better manage the curriculum beginning with improving and aligning its written, taught and tested curriculum. It should do the following:
 - Develop curriculum guides for science, mathematics, social studies, and language arts that are current and that provide

sufficient information to help teachers translate the guides into effective classroom practices. The guides should show articulation across grade levels.

- Develop a staff-development program that coordinates training, focuses training on curriculum materials, evaluates the training given, and evaluates staff development for future planning.
 - Assess the written and taught curricula for linkages between these and the testing program.
3. We recommend that the Board of Education develop new policies that clearly fix responsibility for curriculum management and monitor the department's implementation of these responsibilities to make sure it is carried out.

Chapter 3

Budgeting at the Department of Education

In this chapter we examine whether statutory provisions on budgeting in Chapter 37, HRS, particularly provisions on the allotment system, constrain educational restructuring designed to promote decision-making at the school level. We also examine recent changes in budgeting proposed by the Department of Education (DOE).

Summary of Findings

1. We find that Chapter 37 does not constrain the flexibility of the Department of Education to delegate decision-making to schools.
2. The department has proposed a major restructuring of its program budget. The department's proposal is well-intentioned but gives only slightly more decision-making authority to schools. The small benefit to schools is offset by a large loss in accountability.

Statutory Provisions on Budgeting Do Not Constrain The Department

The Legislature wants assurance that the department has sufficient flexibility to promote decision-making at the school level. After reviewing Chapter 37 and the department's current practices, we find that no amendments are needed at this time. Neither the quarterly allotment system nor the administrative ceiling on temporary positions is an obstacle to educational restructuring. Allowing schools to carry over funds at the end of the fiscal year, however, may be helpful.

Quarterly allotment system

The quarterly allotment system, as it now exists, poses no obstacle to restructuring. The department has had no difficulty with quarterly allotment procedures since the "flexibility legislation" was enacted in 1986.

The flexibility legislation amended Section 37-74, HRS, to allow the department to transfer general funds for its operating budget from one quarterly period to the next, among programs with the same or similar objectives, or among cost elements in a program.

Quarterly allotment balances are automatically credited to the next quarter and reallocated by the department's budget office. Budget analysts at the Department of Budget and Finance (B&F) who review the DOE's budget do only a mathematical check of the requests for allotments (A-19s). This differs from the practice for all other

departments, except the University of Hawaii, where the director of finance must review, evaluate, and approve all allotment requests.

The department makes numerous amendments to its allotments and does not wait for approval from B&F before entering new expenditure plan data into its automated system and allowing purchases to be made.

The flexibility legislation is scheduled for repeal on June 30, 1994. The State Auditor is to review whether the flexibility legislation should be retained before the scheduled repeal date. We believe that no changes should be made to the flexibility legislation affecting quarterly allotments until the State Auditor issues the final report to the Legislature in 1994.

"Ceiling" on temporary employees

The department is seeking to have the administratively-imposed "ceiling" on temporary positions removed in order to give schools the flexibility to convert positions and funds. We could find no real need or demand for this.

The department says that schools should have the flexibility to convert positions when they become vacant, for example, one counselor position to two educational assistant positions; or to use funds for equipment and supplies (B and C funds, respectively) for personnel. The department theorizes that the ceiling on temporary positions could be exceeded if schools decide to convert permanent positions to temporary positions or to use B and C funds to create temporary positions. The ceiling, however, is not one specifically imposed by the Legislature. It is imposed by the governor.

In the General Appropriations Act (Act 296, Session Laws of Hawaii 1991) for the last biennium, the Legislature authorized the number of *permanent* position counts. The Legislature does not impose a specific cap on the number of temporary positions which may be established, but the number of temporary positions does appear in the supporting documents—the BJ tables reviewed and approved by the money committees of the Legislature. The department appears to feel bound by this number.

The Governor's execution policies for 1992 clearly address position ceilings and prohibit the establishment of unbudgeted or unauthorized positions unless otherwise provided by law.

Realistically, the department does not anticipate a wholesale conversion of positions or of funds to positions. Personnel administrators acknowledge that civil service and collective bargaining issues have to be worked out before the schools can have any real personnel flexibility.

So far, only one school that has been approved for school-based management has converted a position. Funds for the position were converted to use for equipment and supplies. Also, as of September 1992, the schools approved for school-based management have not hired temporary, one-year employees as the governor has authorized them to do.

The department already has a large number of positions over which it has flexibility. It has 516 positions in its instructional resource augmentation program that are distributed to elementary schools on the basis of enrollment. Schools may use them at their discretion. Another 167.5 positions are distributed to intermediate schools at the discretion of district superintendents, and schools have the flexibility to decide how they will use these positions. Grades 7 through 12 have 212 positions to use at their discretion to improve learning in the core subjects of language arts, mathematics, science, and social studies. In addition, project Ke Au Hou will be redeploying close to 1,000 state and district level employees to the school level. With close to 2,000 positions for discretionary use at the schools, we believe that sufficient flexibility exists.

We conclude that any ceiling that exists on the number of temporary employees is not an obstacle to restructuring at this time.

Carry-over of funds

The department estimates that between \$200,000 and \$500,000 lapses each fiscal year from small amounts (\$5 or \$10) left in school accounts. The department would like schools to be able to keep and pool these funds.

The department says schools have no incentive to save money because all unused moneys lapse at the end of the fiscal year. They try to use this money by purchasing in advance for the next fiscal year. But much of the money is wasted in last minute spending.

Some school districts in other jurisdictions that have school-based management have found it helpful to be able to carry balances over to the next fiscal year.¹ Schools in Edmonton, Canada carry surpluses and deficits over to the next fiscal year. In Dade County, Florida, schools carry over all unused funds, including savings from utility conservation and salaries. Schools in Los Angeles carry over unspent funds in the substitute teacher account and a few textbook accounts. Chicago schools carry over left over state compensatory aid funds on top of their new allotment for the next year. Funds carried over may be used at the schools' discretion.

We believe that it would be appropriate to allow schools to carry over savings from their school-level allocations to the following fiscal year to the extent permitted by the State Constitution. These school-level funds would be those funds for which schools prepare expenditure plans.

This might encourage better planning and wiser spending. The department should request an opinion from the attorney general as to the extent to which this would be permitted under Article VII, Section 11 of the State Constitution and Section 37-41, HRS.

To determine if permission to carry over funds is effective, the Legislature could include a provision in the general appropriations act for the coming biennium requiring the Department of Education to report on the amounts that were carried over and the benefits that resulted from this practice. This information would help the Legislature determine whether the practice should be continued.

Amendment of Section 7, Act 295, SLH 1992

Section 7 of Act 295, SLH 1992, which requests this study, contains a provision requiring the reenactment or amendment of provisions of Chapter 26 and 37, HRS, affecting public schools, if these provisions are to apply to public schools on and beyond July 1, 1993. We do not see a need to amend Chapter 26 or 37, HRS, so we recommend that Section 7 be amended to delete this requirement. (Chapter 26, HRS, as it applies to the repair and maintenance of public schools, is discussed in Chapter 4 of this report.)

The Department Has Proposed A New Lumpsum Budget

The department has proposed, and the Board of Education has approved, "lumpsum" budgeting. We agree with the philosophy behind the move. The stated purposes are to give schools more decision-making authority over their budgets, allow greater parent and community participation, allocate funds more equitably, and let schools benefit from whatever savings they accrue. But we see very little actual benefit in the way the department plans to implement it. Decision-making will remain at the state level and schools will have little more flexibility. The only significant change will be a large expansion in the department's budget base. This expansion will reduce accountability by making the department's budget even less accessible to analysis and scrutiny.

The department defines lumpsum budgeting as a "system of budgeting in which funds are allocated to schools in one large amount and the schools are authorized to make the allocation decisions to specific programs."²

The department would like to submit its budget to the 1993 Legislature in this new format. In this section, we will discuss the impetus behind the new budgeting format and its potential for decentralizing decision-making to the schools.

Impetus for lumpsum budgeting

The proposed change is based on a national movement to restructure education. The decentralization of power and authority for certain kinds of decisions from central administration to the school level is a popular reform strategy in school districts nationally. It also exists in other countries. The concept is commonly referred to as site-based or school-based management.

This movement to school-based management grew from research suggesting an association between school autonomy and school effectiveness. Advocates argue that those most closely affected by school-level decisions—teachers, students, and parents—should have a significant say in the school's budget, curriculum, and personnel.³ Studies found that education reform was most effective and sustained when implemented by people with a sense of ownership and responsibility for the reform.⁴

The concept of school-based management links increased choice and educational opportunity with increased school-level control over instruction and the budget.⁵ But not all decisions related to the instructional program or budget are decentralized or shared.⁶ Some, in areas such as curriculum, personnel, and budget, are best decentralized while others, such as in transportation, utilities, and food service, do not lend themselves to decentralization and remain centralized.

Hawaii enacted Chapter 296C, HRS, on School/Community-Based Management (SCBM) in 1989. It states that efforts must be made to ensure excellence in Hawaii's schools. To increase accountability and achieve excellence, the law says that there must be a change in the way the school system is managed. In particular, the system must be restructured to allow more decision-making at the school level, thereby increasing the involvement of those directly affected by the decisions.

School-based budgeting

School-based budgeting is a widely used strategy in school-based management. Under school-based budgeting, resource allocation decisions are transferred from central administration to the schools and, in theory, should (1) provide greater efficiency in allocating resources because decisions are placed closer to those affected, (2) provide increased flexibility in the instructional program by broadening the spending authority of the schools, and (3) direct accountability to the schools and away from central administration.⁷

Budgets in jurisdictions with school-based budgeting are not requests for money.² Central administration determines the amount of resources available to a school before the school begins to formulate its budget. The school's budget then shows how it will operate in the coming fiscal year with the given resources.

The DOE says it is attempting to initiate school-based budgeting through a new program structure for the department's operating budget. The program structure will contain a lumpsum level IV program through which the DOE proposes to give the schools more budgeting flexibility.

Components of the proposed lumpsum budget

The Legislature appropriates funds through the general appropriations act for programs at the level IV program level. The department currently has 17 level IV programs. Its lumpsum budget format proposes a new program structure that consolidates 9 of these 17 programs into 4 level IV programs as follows:

Current level IV programs:

- EDN 105, Regular Instruction
- EDN 106, Other Regular Instruction
- EDN 107, Special Education
- EDN 108, Compensatory Education
- EDN 203, School Administration
- EDN 204, Instructional Media
- EDN 206, Counseling
- EDN 207, Student Activities
- EDN 306, Safety and Security Services

Proposed level IV programs:

- EDN 101, School Lumpsum Budget
- EDN 102, State Categorical Programs
- EDN 103, Federal Projects (categorical programs)
- EDN 104, Private Agency Projects

The four new EDN programs will account for about \$556 million or approximately 74 percent of the department's total budget. EDN 101 will contain funds for programs that are provided universally to all schools. The categorical programs are funds earmarked for specific purposes from which the schools will not be able to deviate. State categorical programs include vocational education, space education, and summer instruction. Federal categorical programs include bilingual programs, AIDS education, and drug free schools. Private agency projects are grants-in-aid and purchases of service contracts to non-profit organizations for such programs as special olympics, immigrant youth program, and Hawaii Bicycling League.

The department plans to request \$426.6 million for the EDN 101 category and says that it will distribute the funds to schools by a "weighted pupil allocation system." Each student will be assigned a base number that represents the cost of educating a regular student for a year. Added to this number will be weights for such factors as the alienated student, the gifted and talented student, the smallness of the school, and the percentage of nontenured teachers on the school's staff. The higher the weight, the higher the cost. A school's lumpsum allocation will be the total weighted pupil enrollment multiplied by a financial value per weighted student.

The department has not completed developing its weighted pupil allocation system and does not plan to use the weighted allocation formula until the second year of Fiscal Biennium 1993-1995. It plans to use its current allocation formulas for the coming fiscal year.

The department plans to establish an average salary for each type of salaried employee. Schools will use their funds to purchase positions at the average salary amount. The average salary amount will then be deducted from the school's lumpsum budget and deposited into the department's salary account from which actual salaries will be paid. The state office will make up or retain differences between the average salaries and the actual salaries.

Schools will be allowed to change the type of position, add a position or delete a position, and use any resulting salary savings by submitting a position change request to the DOE state office.

Usefulness of Lumpsum Budgeting Is Not Evident

It is not clear what the department sees as the end result of lumpsum budgeting. The actual ability of the DOE to give schools budgeting flexibility through the proposed program structure is limited. Personnel costs and categorical requirements leave schools with very little that is really discretionary. That the department does not plan to have each school prepare a budget document is further evidence of limited decision-making at the school level.

Limited school-level budgeting

Personnel issues will significantly constrain flexibility in the use of lumpsum funds. About 93 percent of the moneys in the proposed EDN 101 for FB 1993-1995 will not be handled by schools because they will be spent for personal services. This money goes to the department's salary account. Schools currently do not budget for salaried personnel and under lumpsum budgeting, as a practical matter, schools will not gain significant personnel flexibility. Despite what the department says about converting positions, schools may be able to do this only if they have vacancies.

Schools currently budget primarily for supplies and equipment for regular instruction, school administration, and school libraries. The amount that the department has allocated for this in its 1993-1994 budget is about \$17.3 million for all schools, or about 2 percent of the department's total budget request. Budgeting primarily for supplies and equipment will not change under lumpsum budgeting. We see little added budgetary flexibility for schools under EDN 101

Budgeting will continue to be controlled at the state level. Personnel costs for regular teachers will continue to be budgeted for by the Budget Branch. State and district offices will also continue to budget for most of the categorical programs.

***No school-level
budget document***

The department does not intend to have schools prepare a budget document under the lumpsum budgeting plan. Instead, schools will continue to prepare expenditure plans for funds they receive. This would appear to be contrary to the concept of decentralizing authority and accountability from the state and district levels to the schools.

Currently, the schools initiate budgets for books, equipment, and supplies, and a small handful of other programs. Schools prepare expenditure plans after allocations are made by the department. To continue the practice of preparing expenditure plans without first working on a comprehensive budget document would only re-emphasize the control of the budget at the state level.

If the department intends to delegate responsibility and accountability to schools, it should plan eventually to have each school prepare a budget document encompassing all resources received, including personnel funds. The document should explain the school's budgeting strategy, relate budgeting decisions to school curriculum and goals, and explain significant changes made from the previous year's budget along with the reasons for the changes.

The budget document should be available to anyone interested in the budget of the school, including staff, parents, members of the community, and legislators. District offices could summarize the budget documents of schools within their respective districts, and the state office could prepare a statewide summary for legislative use.

Having each school prepare and commit to a budget document may encourage schools to reassess the use of all their resources every budgeting period and discourage focusing only on new programs or additions to the budget. School-level budgeting would also emphasize the accountability of the schools for managing their resources.

Reduced accountability

Accountability is reduced when the amounts under legislative review become very large and when growth is automatic.

EDN 101 expands an already large budget base. The larger the base, the less accessible it is to analysis. For example, it is simply more difficult to look at supporting information for \$550 million than a sum like \$5.5 million. This is already a problem with EDN 105 (regular instruction) and the \$285 million appropriated to the program for FY1992-93. The Legislature cannot pinpoint what the money is spent on and how effective the expenditures are. The department does not break down the \$285 million by schools, by grade level, or by elementary, intermediate, or secondary school. And the Legislature does not know how much of this \$285 million is spent on subject areas such as language arts, science, and so on. The department plans to expand this lack of information to an even larger sum in the proposed lumpsum EDN 101—\$426.6 million.

The expanded base will grow automatically because of the way the State budgets. Like other departments, the DOE follows budget guidelines issued by B&F for developing the biennium budget. B&F builds a budget on three categories: "base" (DOE refers to this as "current services"), "workload increase," and "program adjustment."

The current services budget includes the resources necessary to provide the same quality and quantity of services over the next biennial period.⁹ It provides for continuation of existing positions, operating expenses, and replacement of existing equipment. An inflation factor is generally allowed to accommodate salary adjustments and increased costs for supplies and equipment. The current services budget is built upon the prior year's allocations.

Workload increases provide for uncontrollable increases in workload, including enrollment growth and the operation of new schools and other facilities scheduled for construction.¹⁰ Generally, workload increases provide for the delivery of the same quality and quantity of services to an increasing number of qualified recipients.

Program adjustments include all the resources needed to improve the quality and quantity of services or to initiate a new program.¹¹ This category is often referred to as the "expansion" or "initiatives" category.

The significance of all this is that once workload increases and program adjustments are funded, they become recurring operational costs and are budgeted as current services.

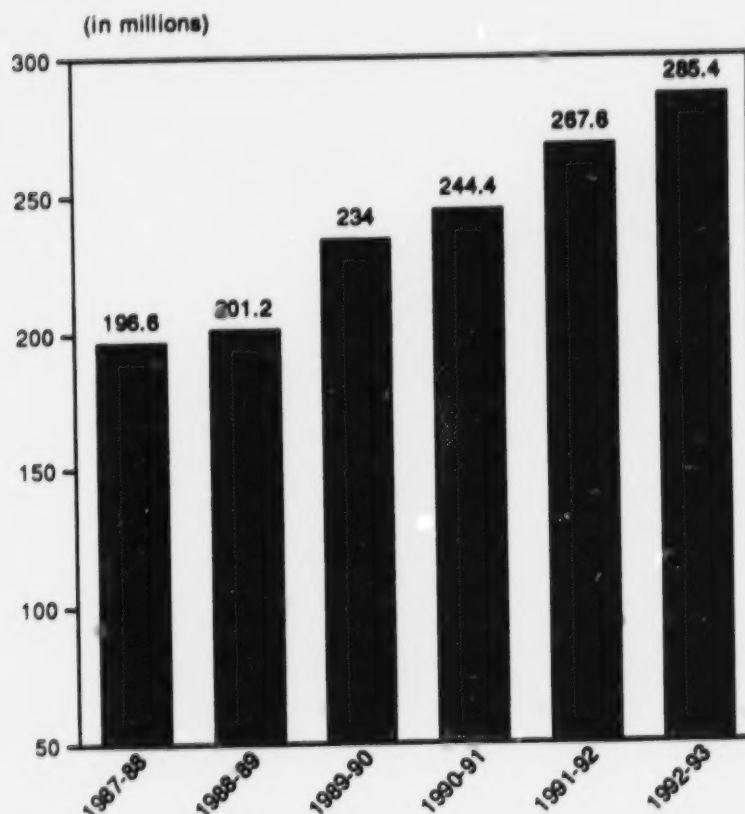
Incremental budgets

Like other agencies, the department's budget is incremental. The budget base, or the current services budget, increases each biennium by program adjustments and workload increases approved in prior years by the

Legislature. In addition, the budget base usually increases by an inflation factor authorized by B&F. Neither B&F nor the DOE reviews the current services (base) budget in depth in the budget preparation process. Instead, they focus on additions to the current services budget.

Once the Legislature approves the program adjustment and workload increase requests, they become recurring operating expenses in the next current services budget. As a result, the base expands continuously. The larger the base, the more difficult it is to analyze whether the funds are necessary and appropriate.

Figure 3.1
EDN 105 Appropriations FY1987-89 to 1992-93
Operating Funds Only



Source: Act 390, SLH 1988, p. 776
Act 299, SLH 1990, p. 687
Act 300, SLH 1992, p. 784

The department's largest budget program has been EDN 105, Regular Instruction. Figure 3.1 shows the amounts appropriated over the last five years for EDN 105 and its inexorable growth when program adjustments, workload increases, and inflation are automatically added. Even a small inflation factor adds millions of dollars to such a large base. The situation is particularly egregious because, as we noted in Chapter 2, the department has no program to monitor or evaluate the effectiveness of instructional programs offered at the schools. Once funded, programs are seldom terminated. Whatever is added continues indefinitely regardless of its value.

The new EDN 101 will create an even larger budget base. The department plans to request about \$426.6 million for this program for FY1993-94. Inevitably, this amount will be further expanded in subsequent years by program adjustments and workload increases approved by the Legislature, creating an even larger, more inaccessible base.

Pilot project

Philosophically, we agree with the idea of budgetary decentralization to empower the schools and to give them the flexibility to use resources to best suit the needs of their students. We are concerned, however, with the incomplete and somewhat confusing plan for implementing lumpsum budgeting. We believe it advisable to have a pilot project, using SCBM schools, to develop and test the implementation of lumpsum budgeting on a small scale before such a major change is made in the DOE's budget structure.

The SCBM schools are at the heart of restructuring. They have committed themselves to governance through a collaborative effort between school administrators and employees, students, parents, and the community.

The DOE should request a provision in the general appropriations act which would allow resources to be allocated to the SCBM schools on a lumpsum basis. The DOE could then develop, implement, and refine its lumpsum budgeting policies and procedures with these schools.

The DOE could work with SCBM schools in requesting waivers of policies, rules, or procedures, pursuant to Section 296C-4, HRS, to obtain more flexibility for the schools. For example, schools need more flexibility in the personnel area.

During this pilot project, the DOE could also work on a proposal for accountability to the Legislature under lumpsum budgeting.

We recommend that the department provide a status report on the pilot project to the Legislature at the 1994 session, and that an independent agency evaluate the pilot project and report to the Legislature twenty days prior to the start of the 1995 legislative session. The independent evaluation should assess the implementation of lumpsum budgeting; the effects of lumpsum budgeting; the continuation of the pilot project; and the department's plan to be accountable to the Legislature for the use of lumpsum funds.

Conclusion

The concept of school-based budgeting holds promise as a tool to improve educational achievement. As a part of the overall restructuring effort in Hawaii, it is certainly worthy of serious consideration.

The problem is that school-based budgeting in Hawaii is still in its planning stage. Significant issues, including accountability to the Legislature and personnel flexibility, have yet to be worked out. The lumpsum proposal is premature. Budgetary change through the proposed lumpsum budgeting plan may not be appropriate for department-wide implementation at this time. When the department can give the Legislature a more complete picture of how it will be implemented and what the effects of the plan will be, or upon favorable results of a pilot project, the Legislature may want to give consideration to adopting the proposal for department-wide implementation.

Recommendations

1. For the 1993-1995 biennium, the Legislature should consider allowing schools to carry over any unexpended funds from the first to the second fiscal year and to the following fiscal biennium. In doing so, the Legislature should require the Department of Education to seek legal advice from the Attorney General as to how to accomplish the carry over, and to report on any amounts carried over and the benefits accruing from this practice to the Legislature at the start of the following biennium.
2. The Legislature should not appropriate according to the proposed new lumpsum program structure for the 1993-95 biennium, but should include a provision in the general appropriations act that would authorize a lumpsum budgeting pilot project for SCBM schools. The proviso should set forth reporting and evaluation requirements.
3. The Department of Education needs to clarify how it will develop personnel flexibility, identify what specific additional flexibility will

be given to schools under its proposed lumpsum budget, and identify what budgeting end products it envisions will result at the school level.

4. The Legislature should amend Section 7 of Act 295, SLH 1992, to delete the requirement that provisions of Chapters 26 and 37, HRS, affecting public schools, be reenacted or amended if they are to apply to public schools on or beyond July 1, 1993.

Chapter 4

School Repair and Maintenance

In this chapter, we review the State's repair and maintenance program for Hawaii's public schools. The Department of Education (DOE) and the Department of Accounting and General Services (DAGS) share responsibility for this program. We examine how this shared responsibility is implemented and make suggestions for improvement.

Summary of Findings

1. The memorandum of agreement between the Department of Education and the Department of Accounting and General Services on the school repair and maintenance program does not reflect up-to-date repair and maintenance policies and procedures.
2. DOE personnel comment favorably on the program in general, but express concern about the system for minor repairs in Oahu schools and the growing backlog of programmed major repairs statewide.
3. The program could be streamlined by realigning some responsibilities and improving training.

The DOE and DAGS Share Responsibility For Repair and Maintenance

The repair and maintenance (R & M) program for Hawaii's public schools is delineated in two executive memoranda: the Governor's Executive Memorandum 1980-2, dated February 22, 1980, and the related Governor's Executive Order 80-6, dated July 31, 1980. These memoranda define the terms "repair" and "maintenance" and assign operational responsibility for the school R & M program to DAGS to be implemented in consultation with the DOE.

In 1983-84, the two agencies signed a memorandum of agreement establishing standards, policies, and procedures for the school R & M program. DOE participation in R & M primarily involves the business specialist in each of the department's seven school districts. The DOE Facilities and Support Services Branch handles all issues relating to facilities and coordinates priorities for major repairs. The Central Services Division (CSD) of DAGS has overall responsibility for the program. DAGS district offices on the Neighbor Islands are responsible for their respective counties, but they work closely with CSD.

CSD divides Oahu into five districts. Each district has a team of 20 workers that visits the schools in that district on a rotating basis to perform minor repairs. Workers attached to these teams also respond to emergency calls at the schools in their districts. DAGS also has a special Support Services Section with a staff of 45 to give special technical and labor support to the teams. The Big Island and Kauai are also divided into districts, but the DAGS office on Maui does R & M directly for all Maui schools.

DAGS implements three levels of R & M: emergency, minor, and programmed major repairs. Emergency repairs must be performed immediately, usually within 24-48 hours. Examples include restoring water, attending to exposed wires, and fixing jammed door locks. Minor repairs, such as minor plumbing, electrical, or carpentry work can wait longer and are within the capabilities of the DAGS R & M workers. Programmed major repairs require an extended period of time to complete and may exceed the capabilities of the DAGS R & M workers. These repairs are usually contracted out by the DAGS Public Works Division and include jobs such as reroofing, major painting, and termite treatment.

Funding for school repair and maintenance

The Legislature appropriates funds for school R & M to DAGS under the AGS-807, Physical Plant Operations and Maintenance program. The entire appropriation to AGS-807 is for school R & M.

DAGS is the expending agency for implementing repairs and maintenance for the DOE. For the fiscal biennium 1991-1993, the Legislature appropriated \$92,112,825 to AGS-807 for school repair and maintenance. Programmed major repairs account for the largest portion of R & M allocations. For FY1991-1993, the R & M appropriation required approximately 62 percent of the total to be expended on major repairs. Table 4.1 shows the total cost of programmed major repairs for FY1991-92 and the number of major repair jobs — 2,712 jobs at a total cost of \$30,633,198. The types of major repair work done as well as the cost of each, both in dollars and as a percent of the total, are as follows:

TABLE 4.1
Programmed Major Repairs
FY1991-92

Category	No. of Jobs	Cost	Percent of Cost
REROOFING	141	\$4,487,354.00	14.7%
PAINT EXTERIOR	194	2,828,390.00	9.2%
PAINT INTERIOR	126	2,173,692.00	7.1%
RECARPETING	67	645,474.00	2.1%
TERMITE TREATMENT	77	342,215.00	1.1%
TERMITE TENTING	91	484,101.00	1.6%
RESURFACING	24	911,661.00	3.0%
AIR CONDITIONERS	6	346,185.00	1.1%
OTHER	1986	18,414,126.00	60.1%
TOTALS	2712	\$30,633,198.00	100.0%

Source: Records at the Department of Accounting and General Services.

Outdated Memorandum of Agreement

The memorandum needs to be updated and clarified. With the exception of procedures for emergency repairs, the policies and procedures described in the memorandum bear little resemblance to those currently used for minor and major repairs at most schools. For minor repairs, the memorandum calls for each school to submit individual work orders for each job. This system is still in place on Hawaii and Maui, but has been replaced on Oahu and Kauai by a team system. This makes the memorandum unreflective of actual practices for minor repairs at the vast majority of Hawaii's schools.

Procedures for programmed major repairs also differ from those in the memorandum. The memorandum provides for the primary participation of DAGS officials. The system in place for many years and formalized in law by Act 295, Session Laws of Hawaii 1992, however, requires extensive DOE involvement in selecting these jobs.

School officials also report that the standard of service described in the memorandum is based on outdated DOE educational specifications. Schools say they are told that work requests are rejected because they would exceed these educational specifications. For example, the specifications allow only a limited number of bulletin boards.

The specifications have not been revised since September 1980. There have been piecemeal amendments, but provisions on classroom standard equipment were last amended in December 1987.

School administrators say that new educational tools and teaching aids are not reflected in the memorandum.

The memorandum is also unclear about whether minor improvements are allowable under R & M. Many school and DOE officials complain that DAGS does not allow minor improvements, such as upgraded electrical wiring and air conditioners, even though the memorandum seems to allow such work. DAGS tells the schools that improvements should be funded as capital improvement projects (CIP), not R & M. The governor's executive memoranda appear to prohibit the use of R & M funds for improvements while the memorandum of agreement appears to allow such improvements. Because responsibility is unclear, both DOE and DAGS disclaim responsibility for these improvements.

The memorandum is the basis for the R & M program. It should reflect actual policies and practices so that all involved may understand clearly their roles and responsibilities. The DOE and DAGS should revise the memorandum to reflect current practices in the DAGS R & M system and to clarify whether minor improvements are the responsibility of the DOE or DAGS. The DOE educational specifications should be updated to reflect current educational techniques. Both DAGS and DOE should review the memorandum of agreement.

Minor Repairs for Oahu Schools and Programmed Major Repairs are of Concern

Emergency repairs

From our interviews, we found schools commented favorably on DAGS' system for emergency repairs. Regarding minor repairs, only Oahu schools reported significant problems. Statewide concern was expressed, however, about the backlog of programmed major repairs.

The system for responding to emergency repairs received the most favorable reviews from the many school officials interviewed. DAGS says there are more than 8,000 emergency calls each year, costing more than \$1 million.

The system is the most uniform from island to island. When an emergency is discovered, the school R & M administrator, usually in consultation with the head custodian, assesses the problem. If school custodial staff cannot do the repair, the school administrator calls

DAGS. In most instances, there is no DOE involvement in emergency repairs.

If an emergency is an immediate threat to health and safety, schools report that DAGS sends out a worker expeditiously. If the work is beyond the capabilities of the DAGS workers, a contractor is hired. School officials praised the prompt service and said they were very pleased with the program.

If the problem is not an immediate threat to health or safety, DAGS may ask the school to make temporary arrangements. Even so, DAGS usually attends to these less-pressing emergencies within a matter of days.

Minor repairs

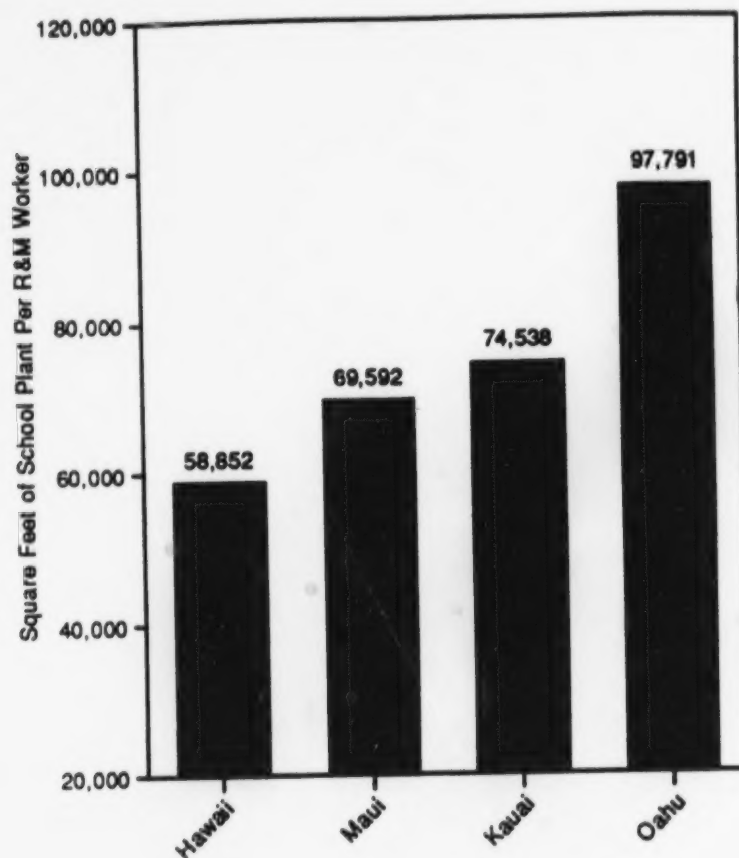
DAGS' system for minor repairs varies from island to island. On Maui and Hawaii, DAGS sends individual workers to schools in response to requests filed on individual work order forms. On Oahu and Kauai, DAGS has teams of workers that visit the schools on a rotating basis. The teams complete as many requested tasks as they can within an allotted number of days.

Schools on the neighbor islands reported general satisfaction with the minor repair system. We found no significant problems in the program for minor repairs on Hawaii, Maui, or Kauai. DAGS' records show regular and frequent visits to Big Island schools. On Maui, DAGS reports that 95 percent of requested minor repairs were completed last year. On Kauai, where the team system has been in place since March 1991, workers visit schools every three weeks. DAGS' records show that teams accomplished 89 percent of requested minor repairs on Kauai in FY1991-92.

Oahu schools underserved

Oahu schools do not voice the same level of satisfaction with the minor repair system. The primary problem appears to be insufficient resources. Various methods can be used to assess the distribution of resources among the islands and school districts: total square footage per R & M worker, ratio of students to R & M workers, and frequency of R & M visits. Oahu is underserved by each of these measures. In a comparison of islands on the basis of total square footage of school plant per DAGS R & M worker, the Big Island has one worker for every 58,852 square feet of school plant; Maui has one for every 69,592 square feet; and Kauai has one for every 74,538 square feet. Oahu, however, has one worker for every 97,791 square feet of plant (see Figure 4.1). This means that a Big Island R & M worker is responsible for almost 40 percent less square footage than an Oahu counterpart.

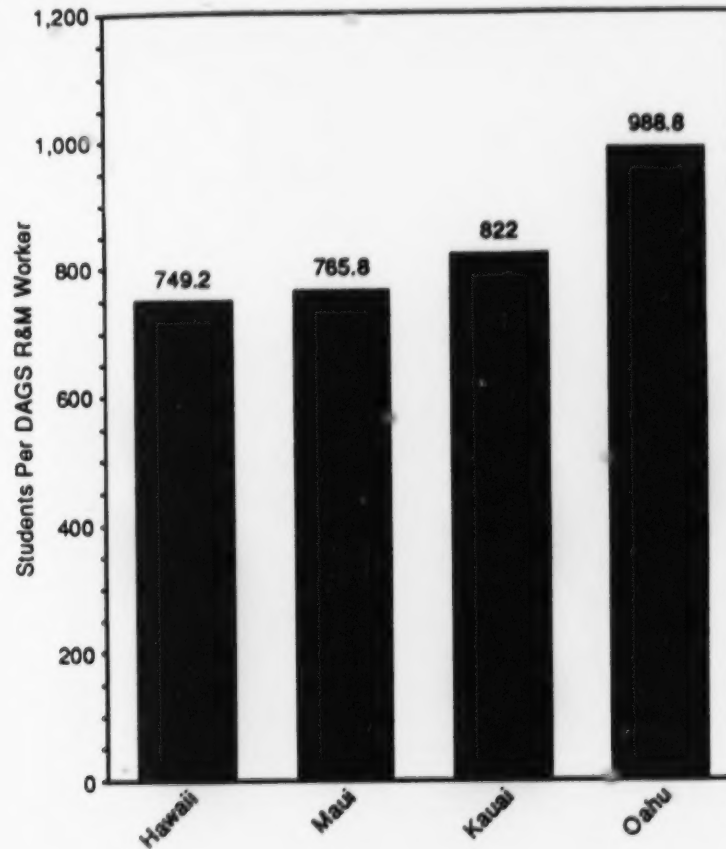
Figure 4.1
Square Feet of School Plant
Per R&M Worker, By Island



Source: DAGS Central Services Division records

The number of students in a school district per R & M worker is another measure. Oahu again comes up short (see Figure 4.2). According to enrollment figures for the 1991-1992 school year, the Big Island has 749.2 students per worker (in the larger Hilo and Kona districts, the figures are 788.4 and 869.3, respectively). Kauai has 822 students for every worker and Maui has 765.8 students for every worker. Oahu, however, has 988.8 students for every worker. This means the Big Island has about 25 percent fewer students per worker than Oahu. Maui has 22.5 percent fewer and Kauai has 17 percent fewer students per worker.

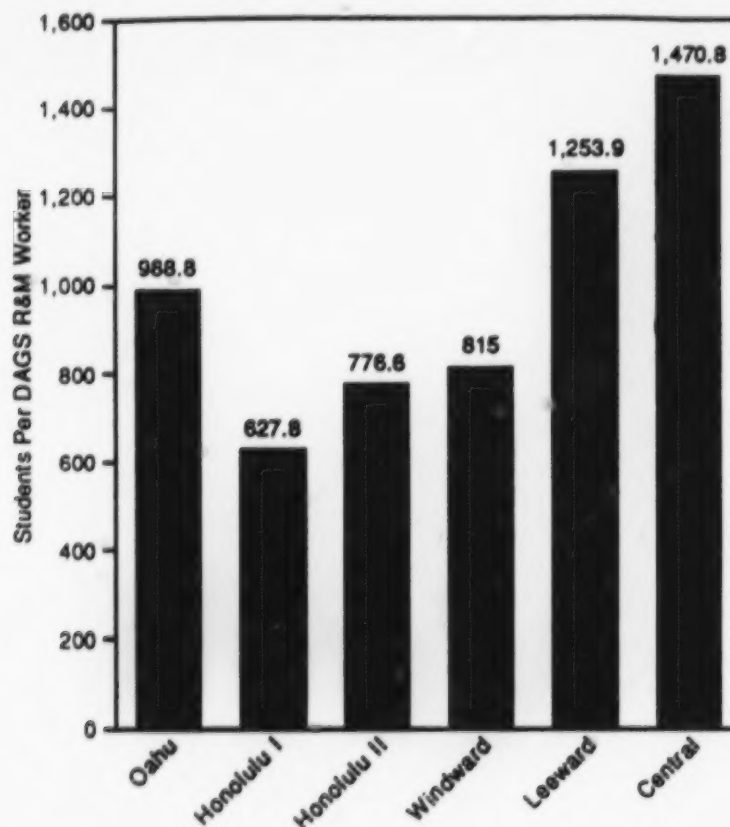
Figure 4.2
Students Per R&M Worker, By Island



Source: DAGS Central Services Division records
DOE 1991 enrollment report

A closer look at the five Oahu R & M districts reveals disparities in the number of students per R & M worker: Honolulu I (East) has 627.8 students; Honolulu II (West) has 776.6 students; Windward has 815 students; Leeward has 1253.9 students; and Central has 1470.8 students (see Figure 4.3). If Oahu's two districts with the largest ratios are compared with those of the neighbor islands, these disparities become even sharper. The Big Island has 749.2 students per worker or 40 percent fewer students per worker than Leeward and nearly 50 percent fewer than Central. Maui has 765.8 students and

Figure 4.3
Students Per R&M Worker
By Oahu DAGS District



Source: DAGS Central Services Division records
DOE 1991 enrollment report

Kauai has 822 students per worker. These figures result in comparable ratios.

A third method of assessing the allocation of resources is the frequency of R & M visits to schools. On the Big Island, DAGS records show very frequent visits to the schools. We do not have data for Maui, but Maui schools generally expressed satisfaction. On Kauai, which uses the same team system as Oahu, schools are visited every three weeks. These visits last between one to four days.

Most school administrators on Oahu told us that teams visit only two or three times a year. Some said they are visited four times each year. Each visit lasts 1.5 to 5 days, except at Farrington High School, which is visited for 6 days. Any work not completed during a visit must wait until the next visit, four to six months later.

DAGS records indicate that, over the three previous fiscal years, minor repairs on Oahu had a completion rate of 95 percent to 97 percent. Our school-level interviews confirmed a high completion rate in plumbing and electrical work, but the completion rates in carpentry, painting, and general repair jobs were reported to be much lower.

Completion rates appear to differ according to school level. Elementary schools tend to have the highest completion rates, probably due to their smaller size and fewer incidents of vandalism. Intermediate and high schools are larger and have higher levels of vandalism. DAGS workers expend much of their effort repairing vandalized items, so other job requests fall by the wayside.

Although Oahu is underserved, and some schools are severely frustrated by the infrequent R & M visits, the schools we contacted expressed their appreciation for the minor repair work performed by DAGS. Even so, repairs that never receive attention are a pervasive source of frustration and anger.¹ Some of those persons we interviewed say that certain teachers have given up and no longer submit R & M requests.

Emergencies at other schools

The most common complaint among Oahu school administrators about the minor repair system is that their schools are short changed when a worker from their visiting team is called to an emergency at another school. This complaint is probably a result of the underservicing of Oahu schools. If Oahu teams were able to visit more frequently, schools may not be so anxious about losing one or two workers for a few hours or a day. More frequent visits would also catch problems before they develop into emergencies.

Kauai schools are visited every three weeks and the island has a standby emergency team four days each week. School administrators on Kauai had no complaints about losing work as a result of emergencies elsewhere.

DAGS should examine what resources are needed to deploy staff on Oahu in a manner that would achieve a level of repair and maintenance

service equitable to that enjoyed on the other islands. This examination should factor in the need to respond to emergency calls.

Programmed major repairs

The most significant problems and complaints we encountered in school R & M fall under major repairs. Every school administrator with whom we spoke complained about the limited amount of money available for major repairs and the limited number of jobs that the moneys cover. They can select only those jobs necessary for basic health and safety. A long list of repairs necessary for maintaining an environment conducive to education gets no attention. More consistent funding and raising the bid thresholds would help.

Programmed major repairs include reroofing, extensive interior and exterior painting, ground and tent termite treatment, and recarpeting. These large-scale jobs are usually not performed by DAGS R & M workers.

The system for selecting these major repairs is an ongoing, cooperative effort between the DOE and DAGS. Each school has a form (BJ2A) to request these jobs which are usually too large or technical for DAGS workers to perform. These requests are compiled on a school master list of such jobs. The DOE district office and DAGS workers also add jobs. Jobs remaining from previous years remain on the list.

DAGS' additions are based on standards of service that specify types of jobs to be done at specific intervals. DAGS uses moderate standards; for example, exterior painting is to be done every 4-6 years, reroofing every 12 years (every 25 years for wood shingles), interior painting every 8 years, and carpet replacement every 9 years. Jobs are automatically placed on a school's master list when called for by DAGS standards or when a DAGS inspection determines that they are necessary.

DAGS estimates costs for these projects and enters them on the BJ2A. The master lists are then sent to each school every year for the school to select and prioritize jobs. Schools must adhere to a spending ceiling established by the DOE. The school sends its selections to the DOE district office which compiles a district list of prioritized jobs. When the DOE approves these priorities, the schools sign off on their selections, and the list is sent to the Central Services Division for implementation.

The Central Services Division implements most jobs costing \$4000 or less. It finds a contractor, negotiates the price of the job, and issues a purchase order for the work.

Jobs in excess of \$4000 are sent to DAGS Public Works Division because they are subject to bidding. Within the Public Works Division, jobs pass through three branches: Design Branch, Staff Services, and Inspection Branch. Design Branch drafts the plans and specifications for a job. Staff Services conducts the bidding process and awards and negotiates the contract. Inspection Branch implements the project and does final inspection when the job is completed. The Quality Control Branch subsequently tracks all applicable warranties and guarantees.

An extra 15 to 20 percent is added to the estimated cost of a job that goes to the Public Works Division. Most costs of these jobs are calculated using a pre-established price per square foot. Almost all Public Works personnel are funded by the projects. Public Works Division architects and engineers design the simpler and more common jobs—about 20 percent. The other 80 percent are contracted out to private sector architectural and engineering consultants. The Public Works Division estimates that these private-sector consultants add 12 percent to the cost of a job. If the actual cost exceeds the estimate, Central Services Division either scales back the scope of the job, changes other jobs, or cancels this project or other projects.

On the Big Island, DAGS workers do some of the simpler major repairs. The workers decide on the specific jobs they will do and often complete them during summer vacation and Christmas break. DAGS officials on the Big Island believe this is a much cheaper way to do the work.

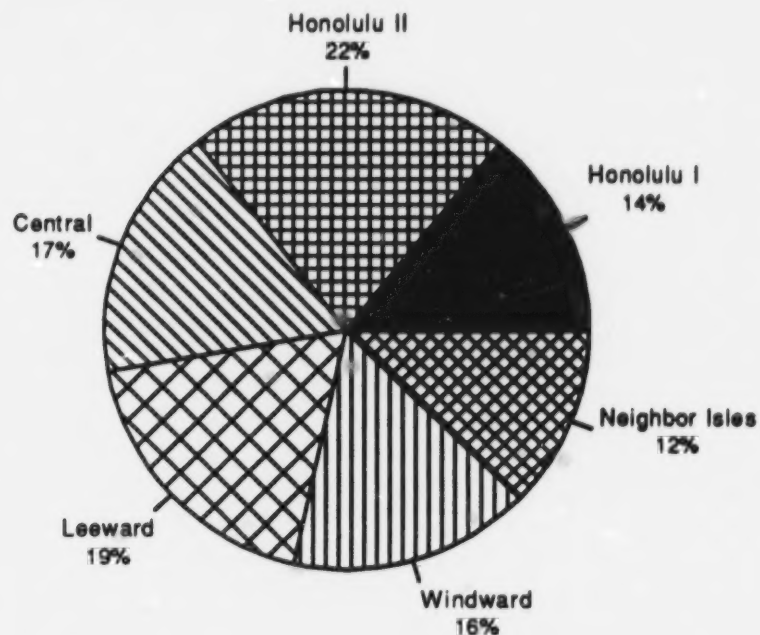
Insufficient funding

Major repairs ensure the long-term usefulness of a building. When these are ignored, greater long-term costs result.² Over the years, because of inadequate funding, a large backlog of deferred projects developed. In 1987, the major repairs list had 6,549 projects estimated at a total cost of \$121,690,000. The backlog now stands at 10,849 projects estimated at \$254,574,174.

The largest backlog is in the Honolulu II (west) district and followed, in descending order, by Leeward, Central, Windward, and Honolulu I (east). It should be noted that the backlog for all other islands combined is smaller than that for any one Oahu district. (See Figure 4.4)

DAGS has a three biennium plan which it believes will eliminate the backlog of deferred projects. The plan requires consistent funding throughout six fiscal years of \$40-45 million annually. At the end of the three bienniums, DAGS says that major repair needs will remain

Figure 4.4
Deferred R&M at Hawaii Public Schools
Total - \$254,574,174 (March 1992 est.)



Source: DAGS Central Services Division records

steady at \$30 million in 1992 dollars. This estimate does not account for major repairs resulting from current and future CIP projects.

The Legislature should consider increased funding to eliminate the backlog of deferred projects. To support any increased funding, the Legislature should ask DAGS for the following: detailed information on the method of estimating costs, the scheduling of these projects and any resulting problems, and the ability of the local construction industry to absorb this increased workload.

Low bid thresholds

Repair work could be accomplished more expeditiously if bid thresholds were raised. The current bid levels of \$4,000 for informal bids and \$15,000 for formal bids were established in 1976. Inflation in the Honolulu consumer price index would make the 1976 levels of \$4,000 and \$15,000 equivalent to \$9,936 and \$37,258, respectively, in 1991 dollars. The Legislature raised these bid thresholds to \$8,000 and \$25,000 in the 1990 legislative session, primarily to counteract the effects of inflation. Due to a sunset provision in the law, bid thresholds returned to their previous levels of \$4,000 and \$15,000 on July 1, 1991. Many DAGS officials and school officials believe more work was accomplished more quickly in the one year of higher bid thresholds.

When job costs exceed \$4,000 but are less than \$15,000, all interested contractors may compete through the informal bid process. An advertisement for bids must appear once in a newspaper of general circulation. If costs are \$15,000 or more, a formal bid process is required. Advertisements must run three separate times. A surety bond is required. A formal contract is signed which requires review within DAGS and by the Attorney General's office. All of these add time and costs.

There are other reasons to support raising bid thresholds. Many school officials complained about shoddy workmanship by some contractors. Many believe this is due to the requirement to take the lowest bid. In addition, raising the bid thresholds would allow more jobs to remain with DAGS Central Services Division. Currently, jobs are transferred to the Public Works Division whenever bidding is required. A sample taken from the complete list of programmed major repairs showed that 16.3 percent of Oahu repairs fell below \$4,000 in 1992. Some 23 percent fell between \$4,000 and \$8,000. Increasing the informal bid threshold to \$8,000 would result, potentially, in 39 percent of all Oahu jobs remaining in the Central Services Division. This should result in more jobs being done more quickly with less money.

We received many complaints from both school and DOE officials as well as DAGS Central Services Division officials about their difficulties in tracking projects at the Public Works Division, the costs associated with those projects, and the inadequate inspections of completed work.

These problems are due in part to the fact that the Public Works Division sees itself as a service agent for the Central Services Division, not for the schools. Central Services Division, on the other

hand, is the service agent for the schools and sees itself in this role. It is accountable to the schools; Public Works Division is not.

We believe that all nonbid and informally bid R & M work should be the responsibility of DAGS Central Services Division. R & M projects costing \$25,000 or more (assuming the Legislature increases the bid thresholds) that are formally bid would remain the responsibility of the Public Works Division. This shift of responsibility to DAGS Central Services Division would improve service to schools and promote efficiency.

It is only natural for the Public Works Division to pay more attention to CIP projects costing millions of dollars than to R & M projects. Some at DAGS believe that Central Services Division should be responsible for all R & M work at schools including those requiring formal bids. Depending on how Central Services handles its increased responsibilities if bid thresholds are raised, this suggestion might warrant further consideration.

R & M Can Be Improved By Streamlining and Better Training

The R & M program could be more effective if schools could work directly with DAGS on minor and major repairs. The work could proceed better if school administrators had better training and guidance on the basics of R & M. Schools would also benefit if custodians would do minor repair and maintenance tasks. Finally, the DOE should establish standards for the school inspection program and train inspectors to apply these standards.

Minimal role of business specialists

Schools formally send their minor repair requests to DAGS via their respective DOE district business specialist. Only on the Big Island does the business specialist play an active role. Schools appreciate the mediating role (between the school and DAGS) played by the business specialists, but their contribution to R & M is viewed as minimal. One district business specialist described himself as a bottleneck at the middle of an hourglass: paper and communications pass through his office in both directions often unnecessarily. Other business specialists agreed with him. One business specialist described his involvement in this area as "sign and send."

The Big Island district business specialist is intimately involved with minor repair requests. He determines whether the requests are appropriate and considers the professional and technical aspects of the requests.

The process for programmed major repairs is similar. All paperwork and project approvals must be transmitted through the office of the district business specialist. Except on the Big Island, district business specialists do not usually change schools' priorities for major repairs.

Routing paperwork through business specialists adds an unnecessary layer of bureaucracy and slows down the R & M process. To streamline the process, schools should be allowed to work directly with DAGS Central Services Division. DOE business specialists should be relieved of most R & M duties. The business specialists, however, have been useful as intermediaries in occasional conflicts between the individual schools and DAGS. This intermediary function should remain a part of their job duties and formalized in the revised memorandum of agreement. The job description of the business specialist should be amended accordingly. Because of the important role played by the district business specialist on the Big Island, this recommendation should not apply to that district until such time as it becomes appropriate.

More training for school R & M administrators

More training of school administrators who are given responsibility for school R & M would make the program more effective. Written manuals on R & M should also be available for guidance. A problem with the R & M program is that school-level responsibilities most often fall on vice-principals who have little background in the basics of upkeep and repair. These administrators are also responsible for hiring, supervising, and evaluating school custodians, who play a critical role in the R & M program.

Many school administrators reported frustration with the unfamiliar R & M terminology and felt they lacked the experience to describe requests, plan for the future, and establish priorities. A high turnover rate for vice-principals adds to the need to train new school administrators on R & M basics.

Currently, the DOE school administrator training program does not include R & M. These duties are learned primarily on the job and through occasional workshops. On the Big Island, the district business specialist conducts more extensive R & M training for the school administrators.

The DOE should add technical training on how to implement all aspects of R & M to its administrator training program. The DOE should involve DAGS staff in revamping and implementing this training.

School districts such as Hawaii, Kauai, and Central Oahu have detailed R & M manuals for school administrators. These manuals are designed to assist with technical information, procedures, and policies. School administrators in these districts pointed to the manual as a helpful tool. When a revised memorandum of agreement is adopted, the DOE should develop a standardized manual for all school districts that would include definitions, policies, and procedures.

Facilities and business managers

In the long-term, the DOE may wish to transfer facilities responsibilities from education-oriented principals and vice-principals to a facilities and business manager. Project Ke Au Hou already has devised the new position of business manager. This position will be implemented soon at selected secondary schools as directed under Act 295, SLH 1992. Preliminary DOE expectations are that principals and vice-principals will be relieved of facilities duties and that these duties will be transferred to the position of business manager. DAGS expressed its approval of this idea, pending its study of the matter. The DOE may wish to fully adopt and implement this concept if the test at selected secondary schools is successful. A facilities and business manager at a school or group of schools should contribute to a better functioning R & M program.

\$8,000 for minor school repairs

School administrators could also benefit from training in how to use the \$8,000 that each school will be receiving for minor repairs. Act 296, SLH 1992, provides \$8,000 to every school for minor repairs in addition to the normal DAGS R & M program. The funds are to be administered by the school principal. Many principals are enthusiastically awaiting the funds, but many others are apprehensive. The burden on the principals may limit the program's effectiveness.

Principals are concerned about being taken advantage of by unscrupulous contractors, having the time to find a good contractor, implementing the program, and being personally liable if something goes wrong. Many principals are also concerned that the \$1,888,000 appropriated for this program will come from the appropriation given to DAGS for repairs and maintenance. These principals said if that is the case, they would prefer that the money continue going directly to DAGS.

The DOE recently issued rules for the program that are 37 pages long with exhibits and attachments. The rules detail what is and is not allowed under the program. They also briefly discuss the principal's responsibilities under Hawaii contracting law and impose reporting

requirements. Finally, they list, without explanation, various building codes, environmental regulations, technical requirements, safety codes, and other requirements.

We believe that the effectiveness of the program should be assessed after two years. The assessment should examine the principals' level of satisfaction with the program and the extent of unexpended funds.

Role of custodians

Custodians can do much to maintain a school. Big Island school custodians do much of the repair and maintenance work. It is our perception that most Big Island schools are in superior condition despite their age, remote location, and climatic extremes. Custodians in certain other school districts do R & M as well. DAGS Central Services officials believe that a school in good condition reflects good custodial care. When a school keeps on top of the smaller tasks, then DAGS workers can attend to the larger tasks. In Oahu's Leeward district, the DOE and DAGS have provided basic skills training to custodial staffs. In all districts, DAGS provides supplies and materials to custodial crews willing to perform minor R & M tasks.

DAGS is currently experimenting with the use of a "handy-person" at the Farrington school complex on Oahu and at Baldwin High School and Kihei Elementary on Maui. These "handy-person" positions are designed to attend to the many small R & M problems that do not receive attention.

The current class specifications for DOE head custodian require some of the abilities of a handy-person such as the ability to perform "the more difficult maintenance work to plumbing and electrical fixtures and to woodwork not requiring journey worker level trade skills." We understand that schools do not consider these factors in selecting head custodians. DOE officials report that supervisory experience is usually the only determining criterion.

The DOE should consider handy-person skills in selecting head custodians. The department should encourage school administrators to involve custodians in R & M work. The DOE should also monitor the DAGS "handy-person" experiment for future revisions in the custodial job specifications.

School Inspection program needs improvement

Act 369, SLH 1989, requires the Department of Education to "establish a school inspection program to ensure a high level of sanitation, safety, maintenance, upkeep, and care of the general physical appearance of the public schools consistent with public health and safety standards." The act further requires inspectors to use

checklists that reflect basic standards. Additionally, it specifies the involvement of students, parents, and staff. Inspectors are directed to conduct both scheduled and unannounced inspections of school campuses.

The reports issued by the inspection teams are increasingly important. They draw media attention to problems in school facilities. The Legislature has directed that these reports be one of the factors used in selecting major repair projects at each school.

The school inspection reports would be more useful if they were based on more consistent standards and inspectors were better trained. School inspectors lack standard criteria; therefore, grading varies from inspector to inspector with no controlling logic. The chairperson of the school inspection committee confirmed that inspectors did not use standard criteria, nor were they trained in school facility assessment. Thus, the inspection reports cannot be used to compare one school with another.

Another problem with the program is resentment by the principals. Principals expressed resentment of the program because they have had to recruit inspectors who sit in judgment of their school. They also resent the criticism they receive for conditions at the school. They say that they already know what the conditions are; they want to know how conditions can be improved.

On the positive side, most people acknowledged that the program was useful in bringing public participation to school R & M, helping to focus media attention on long-standing problems, and getting "new eyes" to look over the campus.

The school inspection program should be retained, but it should include standard criteria and training for inspectors on how to apply the criteria in judging the schools. This would provide a means for the comparison of schools. The DOE should consult with DAGS on how best to implement this recommendation.

Recommendations

1. To improve the school repair and maintenance program, the Department of Accounting and General Services and the Department of Education should work together to do the following:
 - Revise their memorandum of agreement to reflect current policies and practices.

- Implement a training program for school administrators on the basics of repair and maintenance.
 - Develop standards for school inspections and provide training to inspectors on how to apply these standards.
2. The Department of Accounting and General Services should also do the following:
- Determine what resources are needed and how to deploy them to ensure that Oahu schools receive a level of service equitable to the service on the neighbor islands. DAGS should factor in emergency call needs in this determination.
 - Make DAGS Central Services Division completely responsible for all informally bid programmed major repairs, in addition to all nonbid repairs. Later, DAGS may wish to review the results of this new assignment for the feasibility of assigning responsibility for all programmed major repairs to the Central Services Division.
3. The Department of Education should do the following:
- Allow schools to work directly with DAGS without going through the district business specialist.
 - Encourage the employment and promotion of custodians who have "handy-person" skills and fully involve custodians in school repair and maintenance.
 - Report to the 1995 Legislature on the benefits of the program providing \$8,000 to each school for minor repairs.
 - Study the feasibility of a transfer of R & M duties from principals and vice-principals to a facilities and business manager serving one school or a group of schools.
4. The Legislature should:
- Consider providing increased and consistent funding for major programmed repairs.
 - Raise bid thresholds for public works projects to over \$8,000 for informal bids and \$25,000 or more for formal bids.

Notes

Chapter 1

1. Hawaii, The Auditor, *Curriculum Survey*, Honolulu, May 1992.

Chapter 2

1. Hawaii, The Auditor, *Curriculum Survey*, Honolulu, May 1992.
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9. Education Commission of the States, *Report to the State Superintendent, Hawaii Department of Education*, March 1992, p. 14.
10. Ibid.
11. Hawaii, Department of Education, *Graduate Follow-up Survey, Class of 1989*, Report RS 90-9051, Honolulu, 1990, p. iii.
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17. The Auditor, Curriculum Survey.
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19. Minutes of the Leadership Team Meeting, Department of Education, Honolulu, August 13, 1990.
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21. Hawaii, Department of Education, *School-District-State Summary Form*, Honolulu District Office, August 6, 1992; and *School-District-State Summary Form*, Central School District Summary Form.
22. The Auditor, Curriculum Survey.
23. Ibid.

Chapter 3

1. Allan R. Odden, *Rethinking School Finance*, San Francisco, California, Jossey-Bass Publishers, 1992, pp. 150-151.
2. Hawaii, Department of Education, *Lumpsum Budgeting*, Honolulu, October 1992, p. 1.
3. Odden (ed.), *Rethinking School Finance*, p. 128.
4. Ibid.
5. Robert Glover Thomas, "An Analysis of Site-Based Budgets Of a Large Urban School District," Ohio State University, 1991, pp. 1-2.

6. Thomas, "An Analysis of Site-Based Budgets Of a Large Urban School District," p. 2.
7. Odden (ed.), *Rethinking School Finance*, p. 130.
8. Odden (ed.), *Rethinking School Finance*, pp. 141-142.
9. Memorandum to Assistant and District Superintendents and Superintendent's Office Branch Directors from DOE Superintendent Charles T. Toguchi. Subject: Operating Budget Instructions for Fiscal Biennium 1993-95. January 31, 1992.
10. Ibid.
11. Ibid.

Chapter 4

1. Hawaii, Task Force on Educational Governance, *Final Report*, Honolulu, March 1992, pp. 16, 39, 40, 65, 68, 135, 143, 145, 150, 157, 187.
2. American Public Works Association, "Committing to the Cost of Ownership: Maintenance and Repair of Public Buildings," APWA Special Report #60, 1990, pp. ix, 6. See also, Education Writers Association, "Wolves at the Schoolhouse Door: An Investigation of the Condition of Public School Buildings," 1989, p. 6.
3. Hawaii, Department of Personnel Services, Class Specifications for Classes: School Custodian III, IV, V (head custodian), February 1981, revised December 1987.

Response of the Affected Agency

Comments on Agency Response

We transmitted a draft of this report to the Board of Education, the Department of Education (DOE), and the Department of Accounting and General Services (DAGS) on December 11, 1992. A copy of the transmittal letter to the board is included as Attachment 1. Similar letters were sent to the DOE and DAGS. The response from the DOE is included as Attachment 2. The board and DAGS did not respond to the draft report.

The DOE agrees with our recommendations to better manage the curriculum by improving and aligning its written, taught, and tested curriculum. It says it is drafting new curriculum guides. The department also agrees with our recommendations on repair and maintenance.

The DOE does not agree with our recommendation to develop new policies to clarify the statewide core curriculum. The department feels policies are in place with the Foundation Program. It also feels that new policies to clarify curriculum roles and responsibilities of state, district and school personnel are not needed since this is an expected outcome of the department's Project Ke Au Hou.

The DOE also does not agree that it should report on the benefits of allowing schools to carry over any unexpended school funds and that it should first pilot test its lumpsum budget structure on school/community-based managed schools.

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ATTACHMENT 1

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



MARION M. HIGA
State Auditor
(808) 587-0800
FAX: (808) 587-0830

December 10, 1992

Ms. Debi Hartmann, Chairperson
Board of Education
Liliuokalani Building
Honolulu, HI 96813

Dear Ms. Hartmann:

Enclosed are three copies, numbered 9 through 11, of our draft report, *A Study of Curriculum, Budgeting, and Repair and Maintenance for Hawaii's Public Schools*. We ask that you telephone us by December 14, 1992, on whether you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Monday, December 21, 1992.

The Superintendent of Education, the Comptroller of the Department of Accounting and General Services, the Governor, and the presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

Marion M. Higa
State Auditor

Enclosures

BEST COPY AVAILABLE

JOHN WAIHEE
GOVERNORCHARLES T. TOGUCHI
SUPERINTENDENTSTATE OF HAWAII
DEPARTMENT OF EDUCATIONP. O. BOX 2380
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

December 21, 1992

RECEIVED

DEC 21 1992

STATE OF HAWAII

Ms. Marion Higa
State Auditor
Office of the Auditor
465 S. King Street, Room 500
Honolulu, HI 96813-2917

Dear Ms. Higa:

We have received your draft report titled "A Study of Curriculum, Budgeting, and Repair and Maintenance for Hawaii's Public Schools." The purpose of this letter is to follow-up our phone call stating our intent to comment on your report as requested in your letter of December 10, 1992.

Your report is well organized, clearly written, and contains much information with which the Department of Education agrees. However, as in all complex studies, there are always equally good reasons for various points of view. The reasons encompass differing assumptions, knowledge, opinions, and experiences. Some reasons, comments, and suggestions relating to Chapters 2, 3, and 4 are herewith submitted to be included in your study. We believe they will provide readers with additional insights on the issues discussed by your auditors.

Sincerely,

Charles T. Toguchi
SuperintendentCTT:kim
Enclosures

cc: Planning and Evaluation Branch

Department of Education Response to Legislative Auditor's Draft Report: "A Study of Curriculum, Budgeting, and Repair and Maintenance for Hawaii's Public Schools."
December 10, 1992

Chapter 2 Curriculum Management in Hawaii's Public Schools

The following comments are provided for the Legislative Auditor's consideration in the revision of the draft report. The Department understands that it will be given time to respond to the final report which would include details of survey and interview responses so that it can better analyze the extent of the reported perceptions.

The Department generally agrees with the summary of findings, except for the last statement that "Board policies establishing the responsibility for curriculum management are unclear."

It is not clear what the Task Force on Educational Governance meant by core and add-on programs, since these terms are not common or customary terms used in the DOE. They definitely are not used to dichotomize curricula. The term "core" is commonly used to designate the content areas of math, science, language arts and social studies. Such being the case, "non-core" is definitely not synonymous with "add-on." The term "add-on" is not, to our knowledge, used in any documentation. It is understandable, therefore, why there are differences in perceptions as to what curricular areas are "core" or "add-on."

The statewide curriculum is referred to as the Foundation Program. Policies and regulations related to the program are found in the Curriculum and Instruction Series 2000 of the School Code. Policies and regulations are purposely left broad-based because curriculum should be dynamic and not static. The Department is charged to translate these policies and regulations to guide implementation in the schools. Many documents are developed for this purpose and are updated regularly. The major ones include: *The Foundation Program for the Public Schools of Hawaii*, *Foundation Program Assessment and Improvement System*, *Student Outcomes for the Foundation Program for the Public Schools of Hawaii*, *The Foundation Program Authorized Courses and Code Numbers*, *Essential Content*. These documents are written to provide a balance between state and local control--enough specificity to ensure equity and broad-based enough to allow local flexibility. A recent document, *Restructuring the Curriculum*, provides additional guidance to schools in the restructuring of local curricula to meet the specific needs of their students.

The uncertainty of interviewees should not be construed as having no statements about statewide curricular programs. Perhaps the real issue is not the labels for curriculum, but confusion on the part of schools as to what should or shouldn't be taught. Some of the subjects which schools cited as "add-on" are actually part of the Foundation Program. Examples of this include physical education, health, and computer education. The Department's latest document, *Essential Content*, should help to clarify the situation.

The Department was aware that many of the curriculum guides needed to be updated and a timeline for the revision of all guides is available. In reference to guides for the core areas,

the new social studies guide is currently at the printshop for dissemination statewide. The initial draft of the revised mathematics guide is ready for review and the science guide is currently being revised. Many other guides are in various stages of revision.

Other specific comments related to statements in the document follow:

Vague board policies, p. 3

The Department does not agree that "Board policies do not clearly identify what is to be taught in the schools." The statements that follow (in the report) reiterate what is to be taught in the schools. The "broad" statements are deliberate as is discussed above. More specific information is contained in curriculum documents developed by the Office of Instructional Services with attention given to allow flexibility to schools in the implementation of curriculum. Generally speaking, the "what" is specified, and the "how" is left to the schools, although guidance is given in the documents and in inservice training to assist schools. A prime example is the recently developed document, Restructuring the Curriculum, which encourages schools to engage in discussions about schooling, provides paradigm shifts in education, translation of current research and national directions in program directions and examples of what restructured schools may look like.

Curriculum Management is the issue, p. 7

The report seems to make certain assumptions about the functions of the state, the districts and the schools in curriculum decision-making. It seems to be making a case for more responsibility for the state to "develop curricula, train teachers, and to systematically gather data on the effectiveness of statewide curricula." It is agreed that this is a stance that needs to be clarified within the Department. The current organizational restructuring effort, Project Ke Au Hou, is addressing this situation. It is known that a number of school people want to be told what to do, while others want the freedom to determine for themselves what needs to be taught, within broad guidelines.

The report seems to assume that it is only the state's responsibility to provide a curriculum management system. The Department's curriculum management system is the Foundation Program Assessment and Improvement System (FPAIS). The system places curriculum management responsibility at all levels, state, district and school. With School/Community-Based Management (SCBM) and Ke Au Hou, more responsibility (flexibility and accountability) is expected to be lodged at the school level.

Inadequate written curriculum, p. 14

The Department acknowledges that curriculum guides are outdated and is in the process of updating them. The most current revision efforts related to the "core" subject area guides are stated above. Classroom teachers have always been involved in the development of guides, often as authors of sections of guides. At the very least they are involved as reactors to draft guides and as users of draft guides at pilot sites before the guides are finalized.

Teaching the curriculum. p. 17

The Department agrees that the staff development program needs improvement in coordination and in the systematic planning and provision of staff development and that teacher supervision needs strengthening. Several factors seem to constrain the department from implementing a full, systematic staff development program. The first factor is time. There is very little time for teachers to attend workshops or even to meet together to discuss and develop curriculum, plan for the teaching of the curriculum, assess their effectiveness, etc. In implementing the middle school curriculum at the Honolulu District, schools lobbied for positions that allow them the planning time. This is a very expensive proposition. Funding is the second factor. Although funds have been provided for limited substitute hire days, this is nowhere enough to require all teachers to attend staff development sessions. Also, this practice is discouraged as it is disruptive to students and detracts from the continuity of instruction that students require. The non-attendance of teachers at voluntary inservice sessions may in part be related to supervision. They may not see the need to change in order to improve.

The tested curriculum. p.19

The Department agrees that improvements are needed in the statewide testing program. There is not enough congruence between what should be taught, what is taught, and what is tested. It is likely that what is tested becomes the taught curriculum. Testing seems to drive curriculum rather than support curriculum. Teachers need to see that testing is an integral part of instruction. Although the Department recognizes that more than language arts and mathematics need to be tested, and that a balance of norm-referenced and criterion-referenced testing is necessary, time and funding have constrained movement in these areas. The Department did have a plan for the development and use of competency-based measures (CBMs) to measure attainment of student performance expectations in all areas of the Foundation Program. It entailed specifying student performance expectations for benchmark grade levels, 3, 6, 8, 10 and 12 and developing CBMs to measure student attainment of them. Although performance expectations have been added for the new Foundation Program Objectives (from 8 to 11) and revised for the current eight, the development and use of CBMs have been put on hold. The Performance Standards Commission is currently identifying standards and means for measuring attainment of those standards. The Department advocates the use of authentic assessment, especially at the classroom level. Conferences and training sessions to introduce and encourage the use of such assessments continue to be held. State adoption of such assessments will require an infusion of large amounts of funding.

Recommendations. p.22

1. The Department does not agree that the BOE should develop new policies to clarify the statewide core curriculum since the policies are in place for the Foundation Program which should be the focus. The clarification of the roles and responsibilities of state, district, and school personnel is expected as an outcome of Project Ke Au Hou.

2. The Department agrees that it can better manage curriculum which is expected as an outgrowth of the Project Ke Au Hou. The alignment of the written and taught curriculum is critical and heretofore the state had been responsible for the written curriculum while the district and school were responsible for the taught curriculum. The Department agrees that corrective action is necessary, which will be addressed by Project Ke Au Hou. The alignment with the tested curriculum will be difficult given the state of the art of testing and the fiscal requirements for its implementation.

The Department suggests that language be changed regarding the recommendation to develop guides in the four core areas in light of the discussion above. The Department invites the review of the newly revised social studies guide, the recently published Restructuring the Curriculum document and the Essential Content document which is due to be disseminated to the schools in January. State and district teams are planning for distribution and training modes which address specific district/school needs.

3. The Department agrees with this recommendation. It expects that this will occur as one of the major activities of Project Ke Au Hou.

Department of Education Response to Legislative Auditor's
Draft Report: "A Study of Curriculum, Budgeting, and Repair
and Maintenance for Hawaii's Public Schools."
December 10, 1992

Chapter 3 Budgeting at the Department of Education

DOE CONCERNS ABOUT AUDITOR'S FINDINGS AND CONCLUSIONS

1. Auditor's finding: Quarterly allotment system. The present quarterly allotment system poses no problems for restructuring and should therefore be left as is. (pp. 25-26)

DOE response: We do not concur with the auditor's findings. The quarterly allotment system was first initiated in the 1950s. It was started at a time when the school system did not have computers, fiscal officers, and other modern technology for monitoring expenditures. In those days, the fear was that program managers would spend all the funds in the first few months and have no funds left for the rest of the year. The quarterly allotment system is based on centralized control of allotments and expenditures. The quarterly allotment system is archaic and should be deleted. Quarterly allotments only generate more paperwork, more delays, and add to the mountains of red-tape already imposed on the schools. The allotment ledgers must be opened and closed once each quarter. If we are implementing lumpsum budgets with automatic reallotments of quarterly balances, what is the sense of having quarterly allotments to begin with? Why even allot the funds in four pieces? The quarterly allotment system is not used to draw cash or for any other discernible purpose. Today, with computerized accounting, with on-line expenditure planning, with district fiscal officers, with payroll being handled centrally, there is no need for quarterly allotments. We can continue to plan expenditures on a quarterly or monthly basis. But there is no need to actually allot the funds on a quarterly basis. DOE should convert to an annual allotment system. We therefore recommend that the law be amended to exempt DOE from the quarterly allotment system.

2. The auditor's finding: Ceiling on temporary positions. The manpower ceiling imposed on the department by the Governor is not an obstacle to restructuring at this time. (p. 27)

DOE response: We do not concur with the auditor's findings.

Education is a personal services enterprise. The prime means of instructing students are through people: teachers, counselors, librarians, educational assistants, administrators, tutors, etc. This is evidenced by the fact that 85 percent of DOE's operating budget is for salaries. To argue that external control over manpower (positions) have no bearing on control over the schools' budget is to miss the point. If the state is serious about SCBM, about decentralizing authority and empowering schools, about giving the schools more authority over their budgets, then the schools must be exempt from the governor's control over the creation of temporary positions. Whoever has manpower control, or control over the creation of positions, has control over a big portion of the schools' budget. Lumpsum budgeting cannot be realized unless the schools' are given flexibility to use their funds for resources they need, whether it be salaries, supplies or equipment. The auditor argues that since the governor's existing authority over manpower is not an obstacle, there is no need for any policy change at this time. Although the governor is not impeding the schools at this time, this does not mean he cannot if he wants to. The fact is, state law (Chapter 37) allows the governor to control the schools' budget. The law needs to be changed to exempt the schools from executive controls, including control over that portion of the budget that deals with manpower.

3. Auditor's finding: Usefulness of lumpsum budgeting is not evident. The auditor further finds that:
 1. DOE is not clear on the end purpose of lumpsum budgeting.
 2. DOE's proposal for lumpsum budgeting gives the schools only limited budget flexibility.
 3. The fact that DOE does not require each school to prepare a biennial budget request is evidence of limited decision-making authority being given to the schools under lumpsum budgeting.

DOE response: DOE will respond to each of the three points separately.

1. Auditor's finding: DOE is not clear on the end result of lumpsum budgeting. (p. 31)

DOE response: The immediate purpose of lumpsum budgeting is to give each school more control and authority over its own budget. The idea is to allow the schools to make more detailed program decisions rather than have such decisions made for the schools by some external party such as the

governor or the legislature. The end results are to increase ownership of decisions, improve decisions, and to increase accountability. In the long run, as decision-making improves, we do expect to see improvements in student achievement.

2. Auditor's finding: DOE's proposal for lumpsum budgeting gives the schools only limited budget flexibility.
(p. 31)

DOE response: It is true that lumpsum budgeting will not allow the schools to be completely autonomous. First of all, even under lumpsum budgeting, not all of the schools' budget will be allocated as a lumpsum. Initially, 61 percent of all the operating funds that are allocated to the schools will be allocated under the lumpsum concept. Over the next five years, DOE hopes to increase the lumpsum allocation to 75 percent. This is about as far as we can go with lumpsum budgeting. There will never be a time when 100 percent of the schools' budget can be allocated as a lumpsum. This is because most of the federal funds are categorical, that is, they must be used for specific purposes. There are conditions attached to federal grants. There are also a few state programs that are categorical and cannot be distributed under the lumpsum concept. Furthermore, while budget flexibility is provided through lumpsum budgeting, there are many other rules and regulations that constrain and restrict the budgets and allocation authority of the schools. These include collective bargaining agreements, personnel rules, state curriculum standards, state and federal laws, and board rules. For example, a personnel regulation stipulates that schools cannot abolish a position unless the position is first vacant. This limits the school's ability to exercise flexibility over the salary funds. However, this is a personnel regulation and not the fault of lumpsum budgeting. The numerous rules and regulations that currently impede budget flexibility should not be used as arguments against lumpsum budgeting. Rather, all such rules and regulations should be systematically examined to make sure they are consistent with the SCBM law and the policy to decentralize authority to the schools. If they are obstacles to SCBM, then they should be considered for either repeal or amendment.

3. Auditor's finding: The fact that DOE does not require each school to prepare a budget request is evidence of limited decision-making authority being given to the schools under lumpsum budgeting. (p. 31)

DOE response: The auditor concludes that because the schools are not required to submit a budget request, their decision-making authority is limited. This is not true. Under lumpsum budgeting, the schools can prepare a budget request if they want to. If they do, it is for their own use only. Having each of the 236 schools prepare and submit a detailed budget by programs to a central agency is a massive undertaking. Even under the present budget system, we do not require every school to submit a detailed budget by programs. There are several reasons for this. First, each school currently prepares a school improvement plan. This plan is used as a basis to guide program improvements when the funds are allocated to the school. Second, budgets are prepared far in advance and adjusted often by the many authorities that review and make budget decisions. In the end, it is easier for the schools to develop their detailed program budgets after the funds are appropriated and at the time the funds are actually allocated. Third, if the budget of every school is reviewed by the legislature, there will be a great temptation for the legislature to make budget decisions by individual schools. Based on the concept of equal educational opportunity, funds should not be adjusted school by school. The budget for the public schools should be adjusted in total. Such adjustments should then be prorated to all the schools, using an equitable allocation formula. Fourth, under decentralized budget authority, no external party should exercise control over the schools' budget. The schools themselves should be the only ones that should make decisions about which programs to fund. These are the reasons why the individual schools should not be required to prepare and submit detailed budgets to the legislature.

4. Auditor's finding: Accountability. Accountability is reduced when the amounts under legislative review become very large and when growth is automatic. (p. 32)

DOE response: The auditor is operating on the presumption that lumpsum budgeting means everyone else should leave the schools alone but that the legislature should continue to review the schools' budgets in the same detailed manner. On the contrary, lumpsum budgeting means everybody above the schools, including the district superintendent, the superintendent, the Board of Education, the Department of Budget and Finance, the Governor, and the Legislature, should all get out of the business of performing detailed reviews of the schools' budget and making program decisions for the schools. Instead of detailed reviews of budgets, the emphasis should be on goals and objectives, on performance

standards, on outcomes and accountability. The legislature should examine the goals and objectives of education, and the performance of the schools as measured by whatever criteria is specified. Under lumpsum budgeting, the schools alone should make the "how to" program decisions. Accountability is not about examining budget requests. Accountability is about looking at outcomes and the results of the schools' efforts. It is about measuring the effectiveness of programs. In trying to improve accountability, for the past three years, DOE has requested funds (without success) for the school information system. This will allow the schools to automate the following school functions:

1. student registration,
2. student testing,
3. course scheduling,
4. student violations,
5. attendance,
6. grade reporting, and
7. student records.

This kind of information is crucial to accountability. We cannot know how well the schools are doing unless we implement the school information system. When these functions are automated, then the necessary accountability information can be easily retrieved from the central data files by whichever office needs that information, without having to bother the schools about preparing and submitting reports and other written information.

5. Auditor's finding: DOE's budget is incremental. Lumpsum budgeting will mean a large portion of DOE's budget will be incremental, and perhaps, free from legislative review.
(pp. 33-35)

DOE response: As for the schools' budget being incremental, there is some truth to this. But this, in itself, is not inherently bad -- nor should it be used as an argument against lumpsum budgeting. There are many reasons why DOE's budget is incremental. Oftentimes, even if we wanted to, it is difficult to make radical changes to the budget from year to year. Also, there are many factors outside of budgeting that contribute to incremental budgeting. For example, there is a certain sameness in the schools instructional program from year to year. The credit requirements for graduation rarely change. The school calendar, which is set for the schools by the Board of Education, rarely change. It is expensive and difficult to change the basic configuration of facilities. Staff have tenure and also cannot be changed wholesale. The target groups that receive services usually

lobby for and support the continuation of such programs. The employee unions also support ongoing programs and work to continue their membership. While changes from year to year appear incremental, it is also true that over broader sweeps of time, significant changes do occur. For example, within DOE, over the past 25 years, several major programs have been terminated or drastically slimmed down. These include the Kona 4-quarter schedule, the Kailua modular schedule, the "3 on 2" program, the school complex program, the Early Provisions for School Success program, and most recently, the plan to redeploy state and district resources to the schools under Project Ke Au Hou. Furthermore, even when the schools' budgets do not appear to be changing, the schools are changing their curriculums to emphasize higher level thinking skills such as problem-solving, analytic skills, computation skills and communication skills. Furthermore, the schools are moving toward heterogeneous grouping, whole language, cooperative learning, and peer teaching/learning. But such changes are subtle and not readily apparent to the naked eye. It should be noted that incremental budgeting has many good features. It gives stability and continuity to government programs and services. This allows for the smooth resolution of the budgets each year. If budgeting were so competitive and program choices were annually total, rather than incremental, budget-making would be a life-threatening affair for each program and therefore be filled with conflict and tension. In addition, radical changes to the schools' programs each year would be traumatic and disruptive to the students, teachers, parents, and schools. The following factors, which influence heavily the annual changes to the budget, also contribute to incremental budgeting:

1. Changing enrollment, which goes up only incrementally.
2. Changes due to inflation and collective bargaining agreements. These changes contribute to incremental changes from year to year.
3. Changing revenues of state government which change incrementally from year to year.
4. Changing priorities of state government and the amount of funds appropriated by the legislature for education. The appropriations for public schools do not change radically from year to year.

When one examines incremental budgeting, it is clear that it is not unique to DOE, but is prevalent in all governmental agencies including the budgets in the other departments of Hawaii state government, the legislature, the county governments, federal government, and the governments of other states and municipalities. The fact is, every government budget in the nation is basically incremental in nature.

Incremental budgeting, by itself, is not a bad feature and should not be used as an argument against lumpsum budgeting. As for the lumpsum budgets escaping legislative review, it is true that to some extent the budgets of individual schools will not be reviewed in detail by the legislature. But it will not be reviewed in detail by all parties that traditionally review budgets, including the district superintendent, the state superintendent, the Board of Education, the Department of Budget and Finance, and the Governor. Why does the legislature have to review each schools' budget in detail since the schools will have the authority to decide which programs they want to implement. The legislature should be reviewing instead the goals and objectives of education, performance standards, and accountability reports, which should contain information about outcomes and the results of the schools' efforts.

DOE RESPONSES TO AUDITOR'S RECOMMENDATIONS

1. Auditor's recommendation: Carryover year end balances. The auditor recommends giving the schools this flexibility. The auditor also recommends the schools "report [to the legislature] on any amounts carried over and the benefits accruing from this practice. (p. 36)

DOE response: DOE concurs with the recommendation to give the schools carryover privileges. But the latter part of the recommendation is disturbing. Is the auditor asking every one of the 236 schools to prepare and submit a report to the legislature "on the amounts carried over and the benefits accruing from this practice"? We are against this reporting requirement. The benefits of carryover are already well known and stated clearly by the auditor on page 28: "better planning and wiser spending". Why is there a need for each school to submit a report to the legislature on the benefits of carrying over the funds? This requirement will mean more paperwork and bureaucracy for the schools. These are the very things we are trying to unburden the schools from through lumpsum budgeting.

2. Auditor's recommendation: Pilot lumpsum. The auditor recommends not appropriating the funds according to the new lumpsum structure, but to include a proviso that would authorize a pilot project for lumpsum budgeting in SCBM

schools. (p. 35)

DOE response: Why do we need a pilot project? As the auditor states (on page 27), lumpsum budgeting, more popularly known as site-based budgeting or school-based budgeting on the mainland, is a common form of budgeting used by school districts throughout the United States and Canada. It is used in conjunction with SCBM and other forms of school-based management. Some large school districts such as Edmonton, Canada, have been using lumpsum budgeting for over a decade. It works well in other school districts. We have already studied how it works and we know it works. The Governor, the Board of Education, the superintendent and the schools are ready to implement lumpsum budgets. We want to move on and implement. We do not see a need to pilot lumpsum budgeting.

3. Auditor's recommendations: The auditor recommends DOE:
- Clarify how it will develop personnel flexibility.
 - Identify what specific additional flexibility will be given to schools under its proposed lumpsum budget.
 - Identify what budgeting end products it envisions will result at the school.

DOE response: Our response will address each concern separately:

- a. Clarify how it will develop personnel flexibility. (p. 36)

DOE response: DOE intends to allocate the funds to the schools in a lumpsum manner. The schools will then be allowed to "purchase" whatever type of position they deem necessary to meet their needs, whether it be a vice principal, clerk, teacher, educational assistant, counselor, librarian, etc. Each type of position will have a price tag attached to it. This will be the average salary for that type of position. Every school will pay the same price for the same type of position. The salary funds will then be deposited into the central salary account and the state will pay the actual payroll. For example, if a school pays for 20 teacher positions, then the salaries for these 20 positions will be deducted from the school's lumpsum budget and deposited into the central salary account. The school can then go out and hire twenty teachers without concerning itself with the actual pay of the teachers. The state will pay the actual salaries through central payroll. The difference between the actual cost of the teacher and the price the school paid (average salary) will be retained or

covered by the state. It is true that the school cannot abolish a position that is filled. Only vacant positions can be abolished. But this rigidity has nothing to do with lumpsum budgeting. It has to do with negotiated contracts and current personnel rules. But there are sufficient number of vacancies due to retirements, resignations, promotions, leaves, and transfers to other schools, that the schools will have some flexibility in their staffing. As you can see, although there are rules and regulations that constrain the schools' budget, we believe lumpsum budgeting does provide the schools with budget flexibility.

b. Identify what specific additional flexibility will be given to schools under lumpsum budget. (p. 36)

DOE response: Lumpsum budget will give the schools these specific authorities:

1. Lumpsum budgets. They will allow the schools to allocate the funds to whatever program the school deems appropriate. These program allocations will not be dictated to them beforehand.
2. No manpower ceiling. This will allow the schools to use their lumpsum funds for supplies, equipment or positions. There will be no pre-audit control by B&F if the schools decide to use their funds for positions.
3. Carryover privileges. These will allow the schools to carryover year-end balances for one extra fiscal year. At present, the funds lapse at the end of the current fiscal year.

c. Identify what budgeting end products it envisions will result at the school level. (p. 37)

DOE response: The objective of lumpsum budgeting is to give the schools more authority over their budgets. The immediate objective of lumpsum budgeting is to give the schools more budget flexibility. Hopefully, as the schools take greater control over their budgets, they will make better allocation decisions than those that are made for them by higher level policy-makers. In the long run, better decisions made locally should translate into improved student performance and improved school accountability.

4. Auditor's recommendation: The auditor recommends that Section 7 of Act 225, SLH 1992, to amend Chapters 26 and 37, HRS, affecting public schools, be reenacted or amended if they are to apply to public schools on or beyond July 1, 1993. (p. 37)

DOE response: We believe Sections 26 and 37 should be amended to give the public schools the flexibility they need so that the external parties such as the Department of Budget and Finance and the Governor cannot exercise detailed control over the budgets of the schools. The comments in the previous sections of this report support amendments to the law that would exempt DOE from certain executive controls, such as quarterly allotments, manpower ceilings, etc.

Department of Education Response to Legislative Auditor's Draft Report:
"A Study of Curriculum, Budgeting, and Repair and Maintenance for
Hawaii's Public Schools."
December 10, 1992

Chapter 4 School Repair and Maintenance

The Department is generally in agreement with the findings and recommendations contained in Chapter 4, School Repair and Maintenance (R&M), of the Legislative Auditor's draft report.

The school R&M program is in a stage of recovery from a huge backlog of work generated during a period when the State provided minimal funding for the repair and maintenance of Department's facilities. We concur that there is a backlog in excess of \$250,000,000 in deferred R&M. We believe that the objectives of this program should be to: 1) reduce this backlog to manageable size and 2) provide a "set aside" in R&M funds to perform necessary work for the new schools coming on line now and in the future. In order to accomplish these objectives, it is our assessment that the R&M work performed via contract services should be increased from the present \$28 million per annum to \$45 million per annum. Also, set-aside funding in the order of 4% of new school construction should be provided for maintenance. We believe that the problems include funding as well as a need to have these funds appropriated to the Department.

We concur with the following recommendations:

- 1) To update the memorandum of agreement between the Department of Accounting and General Services (DAGS) to reflect current policies and practices,
- 2) To provide training in R&M to school administrators,
- 3) To develop consistent standards and provide training to school inspection team members,
- 4) To seek increased and consistent funding for major R&M, and
- 5) To raise bid thresholds for R&M as proposed.

The Department also will explore the following possibilities:

- 1) Allowing schools to bypass the District and work directly with DAGS and
- 2) Developing the head custodian's skill in performing minor repair and maintenance as provided in their job duties.

The Department also will review the benefits of the \$8,000 minor R&M appropriated to schools and the proposed Business Manager positions proposed for high schools which constitute a pilot project designed to:

- 1) Reduce delays in getting repairs completed and
- 2) Provide schools with more repair and maintenance resources.